

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

SECOND SESSION—TWENTY SEVENTH PARLIAMENT

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HOUSE OF COMMONS

Monday, September 25, 1967

The house met at 2.30 p.m.

CANADIAN CENTENNIAL

MESSAGE OF CONGRATULATIONS FROM UGANDA AND JAMAICA NATIONAL ASSEMBLIES

Mr. Speaker: I have the honour to inform the house that during the recess I received from the national assemblies of Uganda and Jamaica a message and resolution extending congratulations to Canada on the occasion of our centennial.

VACANCIES

Mr. Speaker: I also have the honour to inform the house that the following vacancies have occurred in the representation:

Of Cyril F. Kennedy, Esquire, member for the electoral district of Colchester-Hants, by resignation.

Of Hon. John Whitney Pickersgill, member for the electoral district of Bonavista-Twillingate, by resignation.

HOUSE OF COMMONS

ANNOUNCEMENT OF APPOINTMENT OF ALISTAIR FRASER AS CLERK

Mr. Speaker: It is my duty to inform the house that the governor general in council has appointed Alistair Fraser, Esquire, B.A., LL.B. as Clerk of the House in the place of Léon-J. Raymond, Esquire, O.B.E., LL.B., retired.

THE LATE HON. GUY FAVREAU

EXPRESSIONS OF REGRET ON PASSING OF FORMER MINISTER

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, with leave of the house I should like to call attention, and I do it with great sadness, to the fact that since this house adjourned in July one of our former colleagues who, as the house knows, had resigned a few weeks earlier because of ill health, has passed away. I refer to Hon. Guy Favreau, as fine and great hearted a man, as unselfish and sincere a patriot as I have ever known in my public life. He was a man with no trace of meanness or pettiness, a big man in every sense of the word. Mr. Favreau made great sacrifices to serve, in parliament and in politics, a country he loved. He worked untiringly and unselfishly at the expense first of ill health and ultimately of his life. Our country can ill spare men of his kind, especially at this time in our history.

Hon. Michael Starr (Ontario): Mr. Speaker, speaking on behalf of this party I wish to say to the Prime Minister through you that we join in the sympathies which have been extended to the family of the late Mr. Favreau. I also wish to say that in my opinion he served his country well on the treasury benches of this parliament. He was one of those men who endeavoured to bring about unity in this country and played an important part in its ultimate success. We all miss him, and we wish to extend our deepest sympathy to the members of his family.

• (2:40 p.m.)

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my colleagues and I would like to associate ourselves with the Prime Minister in expressing our deep and profound regret at the passing of a former member of this house, Mr. Favreau. It was only a few months ago when he was elevated to the bench that we bade him farewell and expressed our appreciation of his services to this country. We little thought at that time that he would soon pass from amongst us.

I should like to place on record our great admiration for the qualities he displayed in his public life, and to express the hope that you, Mr. Speaker, will convey to the members of his family our sincere condolences at the great loss they have suffered, as well as the great loss that all Canada has suffered in the passing of a man who gave so much to the service of his country.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I join the right hon. Prime Minister (Mr. Pearson) and the representatives of the various parties in the house in expressing our deepest sympathy to the family of the Hon. Guy Favreau.

Those who had the pleasure of knowing the hon. Mr. Favreau knew that he put the interests of the Canadian people far above those of political partisanship. For this rea-

son, I think we must recognize that the Hon. Guy Favreau was a great Canadian and that both his family and the Canadian parliament have suffered a great loss.

[*English*]

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like very briefly to say that we also share in the sorrow that has been expressed over the passing of a man who I believe was one of the most congenial and friendly individuals in the House of Commons. We also join in the expressions of sympathy to his family.

[*Translation*]

Mr. André Ouellet (Papineau): Mr. Speaker, this house will appreciate how much I wish to endorse the words spoken by the Prime Minister and members of opposition parties in their eulogy of the man I had the very great privilege of serving for almost three years and whom I replaced as member for Papineau.

Hon. Guy Favreau entered politics at a difficult period in the history of his country. Need I recall that bombs were exploding in Quebec at the time? But Mr. Favreau firmly believed in Canadian unity; he served his country and his fellow citizens with conviction and courage. Unfortunately, his devotion to duty exceeded his physical strength.

It is fitting that this house, which was not always gentle with him, pay today to that great Canadian the last tribute he well deserved.

[*English*]

PRIVILEGE

MR. OLSON—ANNOUNCEMENT OF CHANGE IN PARTY AFFILIATION

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I rise on a question of privilege. I should like to inform you, sir, that due to a number of actions and subsequent developments since the last sitting of this house I have resigned from this group in the house. Further I wish to advise you that I have made application to join, and have been accepted by, that group in this house who support the government.

I should also like to thank you, Mr. Speaker, for all the courtesies you have shown to me in the past, and I hope you will be able to see me from time to time on the other side of the house.

[Mr. Caouette.]

THE MINISTRY

ANNOUNCEMENT OF CHANGES DURING RECESS

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to inform the house of certain changes in the ministry since the house recessed on July 7.

Hon. J. W. Pickersgill has submitted his resignation as Minister of Transport and has taken up new duties in the public service as president of the Canadian Transport Commission.

Hon. Paul Hellyer has been appointed Minister of Transport. Hon. Léo Cadieux, the former associate minister of national defence, has been appointed to succeed Mr. Hellyer as Minister of National Defence. Hon. Allan MacEachen, the house leader on this side, has been assigned ministerial responsibilities for the Atlantic Development Board.

I have recommended to His Excellency that Mr. Charles Granger, who resigned today as minister of Labrador affairs in the Newfoundland government, be appointed at this time as a member of the administration without portfolio.

Some hon. Members: Hear, hear.

HOUSE OF COMMONS

REFERENCES TO RETIREMENT OF OPPOSITION LEADER AND CABINET CHANGES

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I might be permitted to call attention to the fact that there is one vacancy in the house today, though only a temporary one, that is very much in our minds. The place occupied in the House of Commons by the Leader of the Opposition is for the moment unfilled, as the right hon. member for Prince Albert has relinquished that post and his successor has not yet entered parliament.

I do not propose, Mr. Speaker, to say much about the right hon. gentleman who sat directly opposite me for some years, because he remains a member of this house and will be back with us shortly to exercise that influence on our debates and proceedings which has made him for so many years a powerful and dynamic parliamentary personality. If I said more, Mr. Speaker, it might sound too much like a valedictory, and that impression I certainly do not wish to create.

It will I confess, Mr. Speaker, be passing strange for me, and indeed for all of us, not to see the right hon. gentleman rise first on orders of the day and with transfixing gaze

and minatory gesture launch a penetrating question to the selected target on this side, usually me.

As to the hon. gentleman who has been chosen as successor to the right hon. member for Prince Albert as leader of his party, I have already conveyed to him—and I repeat them here—my personal congratulations and good wishes. I wish him health and strength as he faces the great responsibilities of his very important office. While we both have duties to perform which will bring us often and no doubt vigorously into opposite sides of debate and discussion, I am encouraged to think that as Canadians with the same objective of service to our country we will be able to co-operate to the maximum possible extent in respect of matters which are above partisan politics.

Mr. Herridge: Hear, hear.

Mr. Pearson: In the meantime, Mr. Speaker, perhaps I might be permitted to offer my congratulations to the hon. member for Ontario (Mr. Starr), now sitting opposite me, who has been chosen as Acting Leader of the Opposition.

Some hon. Members: Hear, hear.

Mr. Pearson: He is an old friend and a doughty foe. We on this side—and I am sure this is true of members of the house on whatever side they may sit—appreciate his quiet, sincere and effective service to his party, to parliament and to his country. In short, he is a good man and a fine public servant.

• (2:50 p.m.)

Some hon. Members: Hear, hear.

Mr. Pearson: There is also, as I have already indicated, a gap in the ranks on this side as a result of the resignation of Jack Pickersgill from the House of Commons. He also, if I may put it in this way, was a Rupert of debate and a devoted and dynamic man of the Commons. I have known him almost from the beginning of my appearance on the Ottawa scene and I have always had a very great admiration for his ability, his loyalty and his encyclopaedic knowledge—I shall certainly miss that. Indeed, I shall miss him greatly as will all members on this side of the house and, I think, of the house as a whole. He was a stimulating and stirring parliamentarian, and while a staunch party man he never allowed his friendships to be limited by party considerations. Perhaps the house will give me permission to table the exchange of letters which took place between Mr. Pickersgill and myself on his resignation and allow that exchange to appear today as an annex to *Hansard*.

Some hon. Members: Agreed.

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

Hon. Michael Starr (Leader of the Opposition): First I wish to thank the Prime Minister through you, Mr. Speaker, for his kind words toward me; I hope the things he has said about me will continue to apply in the future—with his co-operation.

His announcement of the decision of the former member for Bonavista-Twillingate to leave the treasury benches does, of course, represent a loss not only to the Liberal party but to the House of Commons and to this institution of parliament. He was a very articulate member of this house; he was well versed in its procedure and, particularly in opposition, he was at times devastating. His notable career in the service of a former prime minister is known to all of us as well as to the people of this country. He even tried his talents in the fields of law and of authorship. I am sure he will be as greatly missed on this side of the house, as he will be by the government and its supporters. We wish him well in his new position.

As far as the other changes are concerned, we only hope that the former minister of national defence who is moving to the Department of Transport as minister will not try to bring about another unification measure there. As for the new Minister of National Defence, we wish him well. He is well thought of in this House of Commons and I feel sure that at the helm of national defence he will prove a great asset to his department. To the leader of the house we extend our good wishes as he undertakes new duties in addition to those which already fall within his responsibility.

I am sure all members on this side of the house are grateful to the Prime Minister for his words about our former leader, the right hon. member for Prince Albert. It is hoped on this side of the house that he will remain in the ranks of the Commons so that his wisdom, energy and experience of parliament will not be lost.

Some hon. Members: Hear, hear.

Mr. Starr: I am sure if our new leader were in his place at this moment he would

express gratitude to the Prime Minister for his good wishes. However, I wish to bring to the attention of the house that our new leader is in the gallery now, watching with a great deal of interest the proceedings in this chamber.

Some hon. Members: Hear, hear.

Mr. Starr: He is a man of integrity, thoughtfulness and reason, one who has projected his image in a most acceptable way in Canada, and the members of this party in this chamber as well as throughout Canada are looking forward to his entry into the House of Commons as soon as possible. I must say emphatically that we are all united behind him to form an effective and forceful opposition.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the right hon. Prime Minister has commented on changes of personnel in the government and House of Commons which will undoubtedly have far reaching repercussions on the political life of this country.

I am sure all of us are pleased at the honour which has been given to hon. Mr. Pickersgill in his appointment as chairman of the Canadian Transportation Commission. I think it was Senator Chubby Power who said that a member of parliament could only get out of politics in one of two ways, either by dying or by being defeated, and the first was so final and the second so humiliating. However, Mr. Pickersgill has managed to find a third way. It is not every member who can write his own ticket or draft the bill for his own final haven of rest.

Some hon. Members: Oh, oh.

Mr. Douglas: I only hope that not too many other ministers will try to emulate him in that regard, but we wish him well in the high post to which he has been appointed.

We also wish the other new ministers, the Minister of Transport (Mr. Hellyer) and the Minister of National Defence (Mr. Cadieux), well in the responsibilities which they are now assuming. The appointment of Mr. Granger as Minister without Portfolio will cause some disappointment to those from the province of Newfoundland who had hoped one of the present members of the house would be selected for that post, but I have no doubt the Prime Minister has very sound reasons for the decision he has taken.

It would not be appropriate at this time to make any comment about the former leader of the opposition because, like the Prime Minister, I do not want anything I say to sound like a valedictory. We are all hoping he will continue in the house. I think we will all agree that the fact he is no longer leader of the opposition will make this a much less interesting and colourful place, but we do hope he will continue to occupy his seat and give the house the benefit of his long experience.

I would like to congratulate the Acting Leader of the Opposition and to say how pleased we are that this honour has been conferred upon him by his party. From experience we know he will discharge his responsibilities with great ability and with conscientiousness. Of course I would remind him of the old slogan "Big Brother is watching you."

Some hon. Members: Oh, oh.

Mr. Douglas: He will, of course, be expected to conduct himself according to the party's strategy.

With reference to the new leader of the Conservative party, may I say I hope we will have the opportunity of welcoming him into the house before too long, and at that time we will be able to express our appreciation of the work he has done and to extend our congratulations on the honour which has been conferred upon him by the Conservative party.

Some hon. Members: Hear, hear.

• (3:00 p.m.)

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, we wish sincerely to congratulate the new appointees to the federal departments made public over the week-end. As the right hon. Prime Minister, we regret the departure of the former leader of the opposition, the hon. member for Prince Albert (Mr. John Diefenbaker) whom we have all learned to know in various ways in this chamber.

In fact, the hon. member for Prince Albert has been in this house for many years. Personally, I came to know him when I was a very young member, in 1947, that is, 20 years ago. At the time, the former leader of the opposition was only 52. He was then already a determined fighter, a hard worker as he has shown himself to be throughout his political life.

Everyone agrees that he brought colour to parliament and he was a true leader. He had

his own opinions, he sought to make them known, to have them understood, and mostly to make them prevail as much as he could.

Mr. Speaker, the right hon. member for Prince Albert has, within the house and outside, set an example of hard work. He had the courage of his convictions and of his opinions. He did not fear to express them before anyone.

The Prime Minister was perfectly right when he said a while ago that the hon. member for Prince Albert was a dynamic parliamentarian. Surely, he made charges and he was even accused of obstruction in the House of Commons. To a certain extent, it was also true. On the other hand we always knew what he thought and we always knew what he intended to do to convince the House of Commons that he was right. That does not imply that we all supported him. Far from it, we have fought him and we shall probably fight him again as much and as long as he is sitting in this house. But, as far as the leader of the opposition is concerned, we must recognize that he had great qualities as a leader.

Mr. Speaker, he is temporarily replaced by the hon. member for Ontario (Mr. Starr) whom we also had the opportunity to hear very often in the course of the various debates that have arisen in the house.

I had the pleasure of travelling with him two years ago when the Canadian parliamentary delegation went to Czechoslovakia and Russia. The member for Ontario attends the sittings of the house regularly; he is a man of duty and even a pleasant travelling companion. He therefore has several qualities.

Mr. Speaker, with regard to the new leader of the Conservative party, I shall wait till he sits in the house to appreciate his behaviour and his contribution to the whole of Canada. We all know he was a provincial premier for several years. But the provincial arena is not quite the same as the federal arena. And so, I want to see him in the federal arena before expressing any opinion about him. There is one sure thing: he is not of the same stamp as the former Conservative leader. He seems as calm, reserved, moderate as the other was fiery and impetuous. He has met the Prime Minister, possibly to seek his advice, or to find out how a leader of the opposition must act in the house, but I do not know for sure. In any case, we will be able to appreciate him when he sits here with us.

Mr. Speaker, since we are talking about departures, that of the former minister of transport (Mr. Pickersgill), the former member for Bonavista-Twillingate, whom we also knew very well in this house, leaves a gap. Whatever our political allegiance, it was always a pleasure to get in touch with him. There was no need to wear white gloves and a dress-suit to see him. In fact, it was possible to see him anywhere and he always welcomed us kindly. He dealt personally with matters we put to him and heaven knows how many there have been in the last six years.

We now congratulate the newcomers in this house and wish them a great deal of success.

With regard to one of our friends on this side of the house who now sits on the other side, as someone said a moment ago, Mr. Speaker, that is not surprising to us since the government supported him a few years ago.

We have nothing else to add now except that we hope that parliament becomes more and more efficient so that it can better serve the people whom we represent and whom we must serve for the welfare of Canada as a whole.

[*English*]

ECONOMIC COUNCIL

TABLING OF REPORT ON CONSUMER AFFAIRS AND REGISTRAR GENERAL'S DEPARTMENT

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, with leave I should like to table copies in English and French of the report on consumer affairs and the Department of the Registrar General which was published in July 1967 by the Economic Council of Canada.

Mr. Speaker: Does the parliamentary secretary have leave to table these documents?

Some hon. Members: Agreed.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC SERVANTS SPEAKING ONLY FRENCH OR ENGLISH

Question No. 49—**Mr. Irvine:**

1. How many people who speak English only are employed in all federal government departments?

2. How many people who speak French only are employed in all federal government departments?

Questions

3. How many people who are bilingual (speaking French and English) are employed in all federal government departments?

4. How many people in each of the three aforementioned categories are employed in each of the crown corporations in Montreal and Quebec city?

Hon. Judy V. LaMarsh (Secretary of State): The requested information is not available in personnel records. Furthermore, the required degree of bilingual proficiency varies for different kinds of occupations.

A system of objective tests of language skill, both French and English, is being devised by the Public Service Commission. When these tests have been completed they will be used as may be required for accurate verification of language knowledge of individual employees. This information will be fed progressively into the central personnel records system which is in the process of being developed. There will, however, inevitably be a considerable period before comprehensive statistics on this subject will be available.

THE NATIONAL ANTHEM

Question No. 110—**Mr. MacRae:**

1. Is "O Canada" as of this date the national anthem of Canada?

2. If not, what steps are necessary to make "O Canada" the national anthem of Canada?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. The formal designation of "O Canada" as the national anthem of Canada has been under consideration by special joint committees of the House of Commons and the Senate.

The first such committee was set up during the last session and in its second report to the House of Commons on March 15th, 1967, it unanimously recommended, *inter alia*, that the government be authorized to adopt forthwith the music for "O Canada" composed by Calixa Lavallée as the music for the national anthem of Canada. This report was concurred in by the House of Commons on April 12th, 1967, and by the Senate on April 19th, 1967.

The second such committee was established on May 19th, 1967, when the House of Commons resolved, "That a special joint committee of the Senate and House of Commons be appointed to consider and from time to time to report upon the question of lyrics of the national and royal anthems of Canada". This committee has not yet reported.

2. When the committee reports concerning lyrics consideration will be given, in the light of its report, to the question of such further action as may be desirable or necessary.

[Mr. Irvine.]

FRENCH SPEAKING FEDERAL CIVIL SERVANTS

Question No. 117—**Mr. Allard:**

1. Among federal civil servants receiving annual salaries of $5,000 or more, what percentage represent persons whose mother tongue is French?

2. How are these distributed, in percentages, among the following federal departments and agencies: Agriculture, Manpower and Immigration, Defence Production, External Affairs, Finance, Labour, Energy, Mines and Resources, National Defence, National Health and Welfare, National Research Council, National Revenue, Indian Affairs and Northern Development, Post Office, Public Works, Trade and Commerce, Transport, Veterans Affairs?

3. What is the total number of senior officials and the number of persons whose mother tongue is French among these officials in the following federal departments and agencies: Insurance, Export Credits Insurance Corporation, Atomic Energy of Canada Ltd., Industrial Development Bank, Bank of Canada, Canadian Wheat Board (Montreal branch), Canadian Arsenals Limited, Canadian National Railways, Trade and Commerce, Canadian Commercial Corporation, Farm Credit Corporation, Defence Construction Ltd., Eldorado Mining and Refining Ltd., Atomic Energy Control Board, Finance, Indian Affairs and Northern Development, Northern Ontario Pipe Line Crown Corporation, Fisheries Polymer Corporation Ltd., Canadian Broadcasting Corporation, National Research Council, National Health and Welfare, Central Mortgage and Housing Corporation, Tariff Board, Canadian Overseas Telecommunication Corporation, Air Canada, Transport, Air Transport Board, Labour, and Public Works?

4. What is the number of federal civil servants earning $14,000 or more annually, and what is the number in this group whose mother tongue is French?

Hon. Judy V. LaMarsh (Secretary of State): The requested information is not available in personnel records. Furthermore, the required degree of bilingual proficiency varies for different kinds of occupations.

A system of objective tests of language skill, both French and English, is being devised by the Public Service Commission. When these tests have been completed they will be used as may be required for accurate verification of language knowledge of individual employees. This information will be fed progressively into the central personnel records system which is in the process of being developed. There will, however, inevitably be a considerable period before comprehensive statistics on this subject will be available.

INDIAN AFFAIRS—COMMUNITY DEVELOPMENT IN YUKON AND N.W.T.

Question No. 119—**Mr. Orange:**

1. Were funds allotted in the estimates of the Department of Indian Affairs and Northern Development during the fiscal year 1966-67 for the

purposes of community development in the Yukon Territory and the Northwest Territories and, if so, what was the total amount involved by community?

2. What are the terms of reference under which a community may spend these monies?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): In so far as the Northwest Territories are concerned the answer is as follows: 1. Yes. The following amounts were allotted to the community development fund for the Northwest Territories in the fiscal year 1966-67:

Arctic District

Frobisher region: Igloolik $11,000; Resolute Bay $1,000; Pond Inlet $4,000; Pangnirtung $11,000; Cape Dorset $5,000; Frobisher Bay $11,000; Queen Elizabeth Islands $1,000; Regional Reserve $6,000.

Keewatin region: Repulse Bay $3,000; Eskimo Point $10,000; Baker Lake $10,000; Rankin Inlet $14,000; Coral Harbour $8,000; Regional Reserve $5,000.

Mackenzie District

Frobisher region: Igloolik $11,000; Resolute Pelly Bay $6,200; Gjoa Haven $1,900; Coppermine $1,700; Thom Bay $500.

Inuvik region: Fort Good Hope $1,000; Aklavik $4,000; Tuktoyaktuk $3,500; Inuvik $2,500; Fort McPherson $1,500; Fort Norman $4,000.

Fort Smith region: Regional Reserve $9,600.

2. A community may spend such monies for local physical improvement projects and local economic development projects. Physical improvement projects are required to have a labour content of at least 70%. Departmental field officers authorize expenditures from the fund, within the limitations of the community budget, and after consultation with the local community councils, where such councils exist.

In so far as the Yukon Territory is concerned, the answer is as follows: 1. No. Funds for these purposes were held at Indian affairs branch headquarters and no allotments were specifically made for administrative regions in the 1966-67 estimates.

2. Not applicable.

FEATURE LENGTH FILMS, NATIONAL FILM BOARD

Question No. 141—**Mr. Nugent:**

1. How many feature length commercial films are now in production, or in planning, by the National Film Board?

2. What are the names of any such films, and what is the estimated cost of each one?

3. Has a coloured film "Waiting for Caroline" been produced or is such a film being produced and, if so, what was the original estimated cost of this film, and what is the anticipated cost now?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the National Film Board as follows: 1. Three.

2. The Ernie Game—estimated cost $300,000. Waiting for Caroline—$498,000. Le Grand Roc—$160,000.

3. Yes, it has been photographed and is now at the editing stage. The original budget estimate was $320,000. This was based on an 88 minute film. It has been decided to complete it at a length of 110 minutes and the anticipated cost is now $498,000. The additional length is one of the reasons for the increase in cost. Further, it should be understood that the figure of $320,000 did not include the normal contingency allowance as it is being produced on a shared cost basis with the C.B.C.

GRANTS TO TRAIN TEACHERS FOR INDIANS AND ESKIMOS

Question No. 165—**Mr. Orlikow:**

Are there government grants available for training teachers to work among Indians and Eskimos and, if so, what is the amount provided in the estimates, and how many people can be trained?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): While no specific amounts are provided in the estimates of the Department of Indian Affairs and Northern Development for grants which would be available for training teachers to work among Indians and Eskimos, teacher training is provided in other ways. For example, $35,000 is provided for a two week orientation course attended by approximately 125 teachers per year upon appointment. In-service workshops of one week are held each year at a cost of approximately $65,000 which are attended by over 400 teachers. An average of 25 teachers a year attend summer courses in specific subjects relating to the problems of northern teaching and workshops for the development of northern school programs at a cost of approximately $17,000. Also, in 1966-67 approximately $59,000 was spent in connection with educational leave for teachers to undertake further training particularly relating to the Eskimo and Indian cultures.

The department also offers training bursaries to prospective teachers enrolled in the intercultural education program at the University of Alberta. The students are employed

during the summer months as student assistants at the student assistants' rates of pay. Those who agree to teach for Indian affairs branch for a minimum of one year receive further assistance. Their transportation to and from university and their tuition fees are paid by the branch. Provision was made for ten such bursaries for the fiscal year 1967-68. The average yearly cost per pupil is $2,000.

The government of the Northwest Territories provides grants and loans to any high school graduate in the Northwest Territories who wishes to attend university or a teacher training school and can qualify for admission. Because it is a territorial program and not limited to the training of teachers, neither the numbers of people to be trained nor the cost can be determined.

SCHOOL ATTENDANCE OF INDIAN CHILDREN

Question No. 169—**Mr. Orlikow:**

1. How many Indian children attend schools, elementary and secondary, and how many of these attend (a) purely Indian schools (b) integrated schools?

2. How does the percentage of Indian students attending schools, elementary and secondary, compare with the percentage of the whole population attending elementary and secondary schools?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. The enrolment of Indian children as of January 1967, was as follows:

Elementary schools	51,431
Secondary schools	5,770
sub-total	57,201
Grade unknown	7,238
grand total	64,439

The 7,238 students for whom grades are unknown represent children who are living off reserve and attending provincial schools for whom details are not available.

Of the 64,439, 31,498 attended schools operated by the Indian affairs branch and 32,941 attended integrated schools.

2. Of the 57,201, the percentage of Indian students attending elementary schools is 90 per cent while the percentage attending secondary schools is 10 per cent. The percentage of the school population in Canada attending elementary schools is 74 per cent while the percentage attending secondary schools is 26 per cent.

[Mr. Laing.]

USE OF POISON GAS IN NORTHERN YEMEN

Question No. 199—**Mr. Ormiston:**

Has the government of Canada received any report or evidence of the alleged dropping of poison gas by the United Arab Republic on northern Yemen, since January 1, 1967?

Hon. Paul Martin (Secretary of State for External Affairs): 1. The government has received reports on the alleged dropping of poison gas on northern Yemen. The Secretary General of the United Nations circulated on April 6, 1967 an exchange of communications between himself and the deputy permanent representative of Saudi Arabia to the United Nations as security council document S/7842. In this document Ambassador Baroody of Saudi Arabia alleges that United Arab Republic aircraft subjected an area of northern Yemen to a lethal gas raid.

In addition, on June 2, 1967, the international committee of the Red Cross in Geneva released a report which stated that a medical team, led by the head of the I.C.R.C. mission in the Yemen, had on May 15 and 16 visited a village in North Yemen, where, according to the survivors, many inhabitants of the village had died of asphyxiation after a bombing attack some days earlier. The report also stated that the Red Cross team had found various indications pointing to the use of poison gas. The United Arab Republic has not admitted the use of gas in any attacks in North Yemen.

The Canadian government does not have any official representation in the Yemen and is not, therefore, in a position to assess, on the basis of its own sources, the information contained in the reports noted above.

WATER SUPPLY, SPRINGHILL PENAL INSTITUTION

Question No. 202—**Mr. Coates:**

On what date was a satisfactory water supply secured for the young offenders penal institution at Springhill, Nova Scotia?

Hon. G. J. McIlraith (Minister of Public Works): A water supply was secured for the initial needs in January, 1967. On May 29, 1967, after testing well No. 4, the water supply was proven satisfactory for all future needs.

FEDERAL RECEIPTS AND EXPENDITURES IN QUEBEC

Question No. 215—**Mr. Allard:**

1. How much more or how much less did the federal government pay out than it received in the

province of Quebec for the 1965-1966 fiscal year, taking into account, between the federal government and the province of Quebec, all the revenue received by the federal government (including direct and indirect taxes and other sources of revenue) and all the expenditures made in the province of Quebec (including conditional and unconditional grants to institutions and private individuals, all government expenses incurred by the Department of Public Works and others, plus the expenditures incurred by the federal crown corporations in that province), using in every case the same criterion, i.e., the destination of the dollar and not the percentage which the population of a province represents out of the entire population of Canada?

2. What are the comparative tables for each province?

Hon. Mitchell Sharp (Minister of Finance): 1 and 2. Information is not now available to provide an accurate answer to this question and the necessary expert staff is not available to undertake the large amount of work which would be required to gather the necessary information.

NAME OF LAKE AT KINGSMERE, QUE.

Question No. 254—**Mr. Isabelle:**

Is Mousseau or Harrington the official name of the lake situated near Kingsmere in Gatineau county?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): In 1931 the name Harrington lake was approved by the Geographic Board of Canada when the names for a map of the area were being considered. There was no controversy at that time as the name Harrington was found to be firmly established on all maps examined.

In 1951 an article in the Ottawa *Journal* suggesting that a more historically appropriate name would be Lac Mousseau prompted an inquiry by the Canadian board on geographical names, the predecessor of the present Canadian permanent committee on geographical names. The matter was investigated much more thoroughly than in 1931. It was ascertained that the name Harrington appeared on many maps and plans dating back to 1850 on a surveyor's plan of the area. The name Harrington appears to have been applied by this surveyor and may have resulted from the land grant in 1827 to a Joseph Harrington of lot 19 in the 6th range of Hull, some six miles south of the lake, according to evidence furnished by the Public Archives of Canada. Additional evidence served to confirm that the Harrington family occupied land near the lake until after the middle of the century. Letters were received from local residents, mainly cottagers, supporting the name Harrington.

The name Lac Mousseau was promoted by others just as strongly stating that Louis Mousseau settled on the shore of the lake in 1867, his descendants retained title until at least 1905, and that most people have known the lake by this name for the past 50 to 60 years.

After a full review of the evidence and representations, the board decided in 1951 to retain the name Harrington. The decision was based mainly on the long establishment of the name on maps and plans as well as on demonstrated local usage. The board recognized that the name Lac Mousseau was also used, but they did not see fit to adopt the double name.

In Bill C-64, 1959, amending the Prime Minister's Residence Act, the lake is designated as Harrington lake (Lac Mousseau) in the English text and Lac Mousseau (Harrington lake) in the French text.

On September 5, 1962 a draft copy of topographic map 31 G/12d published by this department was forwarded to Quebec for a names check. On December 18, 1962, a letter was received from the secretary of the Quebec geographical board stating that the Quebec minister of lands and forests had approved the name Lac Mousseau (Lac Harrington). This name was ratified by the Canadian permanent committee on geographical names and is the official name of the lake.

*FEDERAL CONTRIBUTIONS TO TEMPERANCE PROMOTION

Question No. 277—**Mr. Mather:** *Supplementary*

What, in dollars, was the amount of federal contributions to anti-alcoholism or temperance in 1966?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the answer to the question is as follows:

Welfare grants expenditures 1966-67	
Prince Edward Island Half-way House alcoholic treatment centre	$25,000
Northwest Territories—welfare services plan: alcohol education program	8,536
Yukon Territory—welfare services plan: Yukon alcoholism counsellor	6,101
Total	$39,637

Questions

HIRING PRACTICES, CAPE BRETON HIGHLANDS PARK

Question No. 280—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the Minister of Indian Affairs and Northern Development received a communication dated June 11, 1967, signed by the president and the secretary of branch No. 32, Royal Canadian Legion, Cheticamp, N.S., requesting an immediate investigation concerning hiring practices at the Cape Breton highlands national park and, if so, what was the nature of the reply provided?

2. Was a copy of such a communication received by the Minister of National Health and Welfare and, if so, what was the nature of the reply provided?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Indian Affairs and Northern Development and National Health and Welfare as follows: 1. The Minister of Indian Affairs and Northern Development received a communication dated June 11, 1967 signed by the president and the secretary of branch no. 32, Royal Canadian Legion concerning the hiring of one man, for whom employment arrangements had already been made and who was taken on staff June 15.

2. Yes, a copy was received by the Minister of National Health and Welfare and in his reply assurance was given that a report on the matter would be sought.

TREATMENT IN VETERANS HOSPITALS

Question No. 281—**Mr. Muir (Cape Breton North and Victoria):**

1. Since January 1, 1965, what has been the average monthly patient load by classification at Camp Hill hospital, Halifax, Nova Scotia?

2. What priorities are given to the admission of patients at the aforementioned hospital?

3. Did the Minister of Veterans Affairs, on April 24, 1967, when speaking in the House of Commons, make reference to veterans in receipt of war veterans allowance when outlining priorities?

4. Is priority given to treating such veterans and, if not, for what reason?

5. Under what section of veterans treatment regulations is there defined a responsibility for the Department of Veterans Affairs to treat patients referred by other departments of the federal government?

6. Who determined that such persons should have a priority over any class of veteran who may be admitted to a D.V.A. institution under veterans treatment regulations?

7. Were representatives of any veterans' organizations consulted by the federal government before adopting such a policy?

8. Under what sections of veterans treatment regulations are persons other than veterans admitted to D.V.A. institutions where such persons are not the responsibility of a federal government department?

[Mrs. Rideout.]

9. What types of facility or treatment are available in any D.V.A. institution which are not available in non-departmental hospitals in a particular area such as Halifax?

10. How many beds at Camp Hill hospital are held vacant or earmarked for possible admission of non-veterans?

11. How many veterans have been refused admission since January 1, 1965, and in what categories could they have been admitted?

Hon. Roger Teillet (Minister of Veterans Affairs):

1. Classification under treatment regulations	Veterans	Average monthly patient load
Sections 5 and 6—treatment for pensioned disability		37
Section 11—treatment of former members of regular forces in Canada during post discharge year for a condition being treated in hospital at the time of discharge from the forces		1
Section 12—treatment for non-pensioned condition of a veteran recipient of war veterans allowance or a veteran who would be a recipient of war veterans allowance if his Old Age Security Pension, including guaranteed income supplement, or that of his wife or both were deducted from his income, and of a person in receipt of an allowance under part XI of the Civilian War Pensions and Allowances Act		45
Section 13—treatment for a non-pensioned condition of a veteran with limited income and resources who served overseas and was honourably discharged, or who is in receipt of disability pension		57
Section 15—treatment for venereal disease incurred during service		1
Section 16—treatment where there is uncertainty as to whether it is required for a pension condition		4
Section 18—treatment at the request and expense of Department of National Defence		3
Section 19—treatment at the request and expense of Royal Canadian Mounted Police		2
Section 20—treatment at request and expense of a responsible body		4

Section 21—treatment at request and expense of any department of government of Canada	15
Section 22—treatment of former members of commonwealth and allied forces for pensioned disabilities	1
Section 23—treatment in a departmental hospital for non-pensioned condition of a veteran of world war I, world war II or the Korean confict, as a paying patient	20
Section 27—examination at the request of the Canadian Pension Commission	7
Section 28—examination required by the department for the supply or maintenance of a prosthetic appliance, by the war veterans allowance board or a district authority or for completion of an examination by the Canadian Pension Commission	14
Section 29—Domiciliary care	159

2. (a) Medical emergencies. (b) Veterans for treatment of pensioned disabilities. (c) Persons whose treatment is the statutory responsibility of other departments of the federal government, such as serving members of R.C.M.P. (d) Treatment of various categories of veterans for non-pensioned disabilities, eligibility usually being determined by their type of service and financial circumstances.

3. They were included in the group described in 2(d).

4. Yes. They have the highest priority in the group described in 2(d).

5. Sections 18, 19 and 21.

6. Patients treated under the sections listed in 5 do not have priority of admission over veterans requiring hospitalization for treatment of their pensioned disability. The priority for the admission of any patient for active treatment is determined by the attending medical staff of the hospital within the limitations established by the governor in council.

7. No.

8. Sections 17, 20 and 24.

9. Facilities available in D.V.A. hospitals include arts and crafts, auditorium, canteen, and patients' library. The only treatment peculiar to D.V.A. hospitals is that provided in a special centre for the treatment of paraplegics at Queen Mary veterans hospital, Montreal.

10. None.

11. All entitled veterans have been admitted in accordance with their medical need. Emergencies are admitted immediately and elective and chronic cases are admitted as beds become available. No record is kept of the number of non-entitled veterans who are refused admission.

COST OF SERVICES TO INDIANS

Question No. 293—**Mr. Orlikow:**

What were the costs for the last fiscal year to the federal government of services to Indians for health, welfare, education and economic development?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the departments of National Health and Welfare and Indian Affairs and Northern Development as follows: The expenditures for Indian health services for the fiscal year 1966-67 are:

*Administration, operation and maintenance	$22,200,000
Capital	2,100,000
Total expenditure	$24,300,000
Revenue	4,200,000
Net costs	$20,100,000

*This does not include approximately $2,500,000, directorate administration costs. The costs of services to Indians for the fiscal year 1966-67 are:

Welfare*	$31,420,317
Education	$52,262,632
Economic development	$5,541,864

As the final accounting reports have not yet been issued, these are approximate figures only.

*Welfare—1966-67.

Welfare assistance	$19,163,918
Repairs to houses	903,938
Construction of houses	8,459,584
Grants to bands	448,762
Expo '67	772,348
Other and community development	1,671,767
Total	$31,420,317

Questions

APPLICATIONS TO MEDICAL RESEARCH COUNCIL

Question No. 294—**Mr. Orlikow:**

1. How many applications for grants to finance research projects did the Medical Research Council receive in each of the past three years?

2. What was the total dollar value of the projects requested from the Medical Research Council?

3. How many of the applications made to the Medical Research Council were approved in full?

4. How many of the applications were approved in part only?

5. How many applications for research grants were turned down in each of the last three years?

6. What were the reasons for the refusals?

Hon. C. M. Drury (Minister of Industry): In so far as the National Research Council of Canada is concerned the answer is as follows: 1. Total number of grant applications: to the Medical Research Council: 1964-65, 687; 1965-66, 895; 1966-67, 1203.

2. Amount requested: 1964-65, $7,904,743.16; 1965-66, $11,040,860.76, 1966-67, $15,825,154.76.

3. Approved in full: 1964-65, 226; 1965-66, 347; 1966-67, 702.

4. Approved in part: 1964-65, 347; 1965-66, 385; 1966-67, 330.

5. Rejected: 1964-65, 114; 1965-66, 163; 1966-67, 171.

6. Many factors are taken into account when considering applications and it is not the policy of the Medical Research Council to give reasons for rejections.

RESEARCH COUNCIL SUPPLIES FOR UNIVERSITIES

Question No. 295—**Mr. Orlikow:**

1. How much money did the National Research Council provide for research equipment and supplies for Canadian universities last year?

2. How much was requested by the universities for such equipment and supplies from the National Research Council?

Hon. C. M. Drury (Minister of Industry): 1. The grants awarded to university researchers in 1966-67 which include support for research equipment and supplies totalled $27,946,000. It is estimated that 64 per cent of these funds were used for research equipment and supplies.

2. For the grants awarded, $27,946,000, there was requested $45,332,700 by the universities.

[Miss LaMarsh.]

SCHOOL ATTENDANCE OF INDIAN STUDENTS

Question No. 298—**Mr. Orlikow:**

1. Of the Indian children attending elementary and secondary schools (a) how many are attending elementary schools (b) how many are attending secondary schools?

2. How does the percentage of Indian students attending secondary schools compare with the percentage of the whole population attending secondary schools?

3. How many Indian students are attending universities or other advanced educational institutions?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. The enrolment of Indian children as of January 1967, was as follows:

Elementary schools	51,431
Secondary schools	5,770
sub-total	57,201
Grade unknown	7,238
grand total	64,439

The 7,238 students for whom grades are unknown represent children who are living off reserve and attending provincial schools for whom details are not available.

2. Of the 57,201, the percentage of Indian students attending secondary schools is 10 per cent while the percentage of the school population in Canada attending secondary schools is 26 per cent.

3. 178.

TRAINING GRANTS FOR EDUCATION IN WELFARE WORK

Question No. 299—**Mr. Orlikow:**

1. How much money has been allocated under the welfare training grants to help pay for the education of people desiring to improve their qualifications in the field of social work?

2. How many people are now at recognized professional schools under the provisions of these grants?

3. What are the amounts of the bursaries provided?

4. Has any money been allocated for research projects in the field of social service?

5. Have any plans been developed for research into appropriate use of sub-professional staff in the field of social welfare?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. In the fiscal year 1966-67 $235,763 was allocated to assist persons taking full time graduate social work training at schools of social work.

2. 155 persons.

3. The bursary, training grant, scholarship and fellowship provisions are used to assist persons taking social work training. Costs of bursaries and training grants are shared with the provinces. Scholarships and fellowships are 100 per cent federal responsibility.

The amount of bursary and training grant is determined by the provincial welfare authorities, with the federal share not to exceed $4,000 for a calendar year plus $500 for dependents. These grants are reduced proportionately for periods of less than one year. Necessary travel costs are also paid.

Scholarships and fellowships are awarded by the Minister of National Health and Welfare. The maximum amount of a scholarship is $2,500 for a calendar year, plus $500 for dependents. The maximum amount of a fellowship is $4,000 for a calendar year, plus $500 for dependents. These awards are reduced proportionately for periods less than one year. Necessary travel costs are also paid.

4. In the fiscal year 1966-67 funds in the amount of $171,503 were expended in connection with a variety of welfare research projects, surveys and studies, priority being given to those projects which held promise of making significant steps forward in the organization, co-ordination and staffing of welfare services and in the development of new services focussed on meeting welfare needs and on the prevention of welfare problems and dependency.

5. Yes, through the technical and vocational agreements of the Department of Manpower and Immigration and the national welfare grants program of the Department of National Health and Welfare, provincial departments received assistance in 1966-67 to undertake programs of training for sub-professional personnel, and these programs, which have advisory committees operating in conjunction with them, will be evaluated in terms of their effectiveness in producing competent personnel for the welfare field.

To date in the current fiscal year 1967-68, a grant was awarded to the Children's Aid Society of Vancouver to study the use of welfare aides in child welfare: an application from the Department of Public Welfare in Newfoundland for a study of the effectiveness of their in-service and undergraduate training for sub-professional welfare personnel is pending; and consultation has been provided to the department of social welfare, British Columbia, to develop a research project on staff utilization in public welfare services.

Questions

INDIAN AFFAIRS BRANCH PLACEMENT OFFICERS

Question No. 301—**Mr. Orlikow:**

How many employment placement officers does the Indian affairs branch employ in each province and, of these, how many are of Indian descent?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): There are 32 employment placement officers in the Indian affairs branch as of June 23, 1967. None of these is of Indian status. The distribution of these officers by provinces is as follows:

Nova Scotia	2
New Brunswick	1
Quebec	4
Ontario	11
Manitoba	1
Saskatchewan	3
Alberta	3
British Columbia	7
Total	32

FUND FOR RURAL ECONOMIC DEVELOPMENT

Question No. 303—**Mr. MacDonald (Prince):**

1. Have regulations been enacted for the fund for rural economic development and, if so, on what date?

2. What are the terms of any such regulations?

3. What provinces or agencies have made applications to this fund, for what projects and for what amounts?

4. What allocations from this fund have been made, when and for what amounts?

5. Is it expected that allocations will be made for Prince Edward Island and, if so, when, for what amount and for what purposes?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): 1. No.

2. See above.

3. Most provinces have shown interest and actual studies are under way in Quebec, Prince Edward Island, Nova Scotia and Newfoundland. There are indications that provinces may soon proceed to survey their needs. See also 4 below.

4. Agreements have been signed with New Brunswick and Manitoba for contributions under the Fund for Rural Economic Development Act. Programs in New Brunswick include the northeast New Brunswick federal-provincial rural development agreement with a contribution from the fund and from ARDA over a ten year period of $31.5 million and the Mactaquac agreement with a ten year FRED contribution of $9.4 million. Both these agreements were signed September 20, 1966.

In Manitoba the Interlake agreement was signed on May 16, 1967 with a total ten year contribution under FRED of $27.6 million.

5. Basic research in Prince Edward Island has almost been completed and discussions are under way with the province on the next phase. The amount of money is dependant upon the program to be undertaken and the area selected but to date no decisions have been made on any of the particular elements.

VISITS OF HEADS OF STATE TO EXPO '67

Question No. 306—**Mr. Goyer:**

1. How many heads of state or their representatives have visited Expo '67 to date and what countries did they represent?

2. In each case, were they accompanied on the Expo site by a minister or other representative of the federal government?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the commissioner general for visits of state 1967 as follows: 1. As of June 22, 1967, 17 heads of state or their representatives have visited Expo under the visits of heads of state program, representing Ethiopia, Mauritius, Belgium, Burma, Austria, Israel, Czechoslovakia, Netherlands, Great Britain, United States of America, Australia, Iran, Tunisia, Federal Republic of Germany, Korea, Ceylon, Thailand.

2. Yes, during the official portions of their stay in Montreal.

I am informed by the Department of Trade and Commerce as follows:

1. As of June 27, 1967, only one head of state, the Prime Minister of Bulgaria, visited Expo apart from the official visits program.

2. With the exception of Expo officials, he was not accompanied by a representative of the federal government.

BANKRUPTCIES

Question No. 309—**Mr. Latulippe:**

1. What are the (a) total numbers (b) amounts (c) nature, of the bankruptcies that occurred in the province of Quebec, during the last five years, and who sustained the losses?

2. What are the (a) total numbers (b) amounts (c) nature, of the bankruptcies that occurred in Canada and in each of the other provinces, during the last five years, and who sustained the losses?

3. What is the forecast for 1967 and 1968?

4. What are the total numbers and the amounts of fraudulent bankruptcies, during the last five years, and who sustained the losses?

5. What is the forecast for 1967 and 1968 in the matter of fraudulent bankruptcies?

[Mr. Sauvé.]

[*Translation*]

Hon. John N. Turner (Registrar General):

Answers to Questions 1 and 2

BANKRUPTCIES REPORTED

Canada

Year	No. of cases Reported	Assets(1)	Liabilities(1)
1962	4297	68,491,500	159,435,602
1963	5189	92,160,294	201,273,538
1964	5562	107,149,000	210,855,692
1965	5023	135,539,469	267,904,148
1966	4668	158,779,020	259,748,590

Eastern Provinces

Newfoundland

Year	Number of Estates	Assets(1)	Liabilities(1)
1962	2	19,482	65,432
1963	10	181,517	425,601
1964	8	382,878	600,900
1965	9	423,782	994,364
1966	3	102,909	232,867

Prince Edward Island

Year	Number of Estates	Assets(1)	Liabilities(1)
1962	5	107,673	191,453
1963	7	211,311	273,229
1964	8	85,376	335,464
1965	4	183,052	267,299
1966	5	98,183	153,915

Nova Scotia

Year	Number of Estates	Assets(1)	Liabilities(1)
1962	12	408,898	853,659
1963	32	1,108,361	2,412,032
1964	35	850,793	2,765,660
1965	19	319,574	740,543
1966	15	411,453	775,598

New Brunswick

Year	Number of Estates	Assets (1)	Liabilities (1)
1962	15	1,573,430	1,826,223
1963	25	482,289	850,784
1964	25	201,614	560,536
1965	29	488,399	1,217,176
1966	20	144,432	433,589

Questions

Provinces of Ontario and Quebec

Ontario

Year	Number of Estates	Assets (1)	Liabilities (1)
1962	1544	26,493,861	60,635,298
1963	2060	39,010,984	89,651,716
1964	2225	42,561,407	79,635,385
1965	2030	66,193,429	129,840,185
1966	1813	74,708,191	115,011,540

Quebec

Year	Number of Estates	Assets (1)	Liabilities (1)
1962	2360	33,708,580	80,739,195
1963	2716	44,186,664	92,504,675
1964	2832	52,877,709	106,029,385
1965	2517	55,230,822	105,413,590
1966	2439	72,405,775	123,525,269

Western Provinces

Manitoba

Year	Number of Estates	Assets (1)	Liabilities (1)
1962	51	1,327,400	2,504,790
1963	63	1,392,713	2,786,382
1964	76	2,845,932	3,578,523
1965	60	1,062,356	2,394,793
1966	73	1,468,399	3,378,758

Saskatchewan

Year	Number of Estates	Assets (1)	Liabilities (1)
1962	47	635,320	1,275,050
1963	45	343,013	994,535
1964	45	556,719	1,240,702
1965	35	178,784	616,368
1966	36	541,757	1,068,321

Alberta

Year	Number of Estates	Assets (1)	Liabilities (1)
1962	125	1,533,740	4,758,797
1963	103	2,259,722	4,666,267
1964	147	2,730,989	7,534,354
1965	186	5,231,947	12,211,879
1966	137	2,997,980	5,996,925

British Columbia

Year	Number of Estates	Assets (1)	Liabilities (1)
1962	136	2,683,116	6,585,705
1963	128	2,983,720	6,708,317
1964	161	4,055,583	8,574,783
1965	134	6,227,324	14,207,951
1966	127	5,899,941	9,171,808

Note: (1) Amounts are as reported by debtors.

The losses, in these bankruptcies, were suffered by the creditors of the bankrupts and a list of all of the creditors that have suffered losses as a result of these bankruptcies does not exist.

3. No forecast has been made.

4. The expression "fraudulent bankruptcies" may refer to any of a wide variety of situations and there are no statistics available on losses attributable to perversions of the bankruptcy process.

5. No forecast has been made.

[*English*]

COST OF FEDERAL SERVICES TO INDIANS

Question No. 313—**Mr. Orlikow:**

What were the costs to the federal government for services to Indians for health, welfare, education, and economic development, in each of the past five years?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the department of National Health and Welfare and Indian Affairs and Northern Development as follows:

The expenditures for Indian health services in each of the past five years are:

	1966-67	1965-66	1964-65	1963-64	1962-63
* Administration, operation and maintenance	$22,200,000	$18,700,000	$18,600,000	$23,200,000	$17,400,000
capital	2,100,000	2,700,000	1,100,000	1,900,000	1,600,000
Total expenditure	$24,300,000	$21,400,000	$19,700,000	$25,100,000	$19,000,000
Revenue	4,200,000	3,200,000	3,300,000	2,900,000	2,800,000
Net costs	$20,100,000	$18,200,000	$16,400,000	$22,200,000	$16,200,000

* This does not include approximately $250,000 directorate administration costs.

Questions

The costs of services to Indians for the past five years are:

	Welfare**	Education	Economic development
1962-63	$12,340,309	$28,962,182	$2,283,540
1963-64	13,588,704	31,291,880	3,535,670
1964-65	16,661,500	35,692,976	4,113,416
1965-66	24,791,132	41,707,327	5,318,690
1966-67*	31,420,317	52,262,632	5,541,864

* As the final accounting reports have not been issued, these are approximate figures only.
** Welfare.

	1962-63	1963-64	1964-65	1965-66	1966-67
	$	$	$	$	$
Welfare assistance	9,916,344	10,929,608	12,984,272	17,884,954	19,163,918
Repairs to houses	216,882	251,683	326,592	536,993	903,938
Construction of houses	1,968,292	2,140,877	2,920,277	4,997,514	8,459,584
Grants to bands	—	—	1,021	71,065	448,762
Expo '67	—	—	—	29,717	772,348
Other and community development	238,791	266,536	429,338	1,270,889	1,671,767
Total	12,340,309	13,588,704	16,661,500	24,791,132	31,420,317

HATCHING OF WHOOPING CRANE EGGS

Question No. 315—**Mr. Dinsdale:**

1. Are any Canadians involved in the current program to hatch whooping crane eggs under controlled domestic conditions?

2. If so, who are they?

3. Has the advice and assistance of the eminent Canadian zoologist, Al Oeming, been sought on this project?

4. Who else is involved in this project?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. The collection, hatching and rearing program for whooping cranes was developed jointly by scientists of the Canadian wildlife service and the United States bureau of sport fisheries and wildlife. The collection phase was carried out by biologists of both agencies. The incubation and rearing phases are being carried out by United States biologists at the Petuxent research centre following a program developed jointly by the two agencies concerned. No Canadian is presently located at the Petuxent research centre, Laurel, Maryland. All changes or modifications to the jointly developed program are discussed in advance by competent scientists of both governments. Progeny which will result from the present operation will not be available for distribution for the final phases of the program until 1980. The ultimate responsibility for the program is held by the directors of both agencies concerned.

[Miss LaMarsh.]

2. Dr. D. A. Munro, director, Dr. F. G. Gooch, staff specialist, Dr. N. S. Novakowski, staff specialist, Mr. Kuyt, biologist, all of the Canadian wildlife service.

3. No, because the birds are the responsibility of both governments and the scientists available are equally as competent as Mr. Oeming.

4. No person from the private sector is involved in the program. In addition to names listed in part two of this question, employees of the rare and endangered species division, bureau of sport fisheries and wildlife, Patuxent research centre, Laurel Maryland, are involved. The principal United States scientists are Dr. Ray Erickson and Dr. Glen Smart. They are assisted by 10 full time technicians as well as other specialists on constant call.

CANADIAN CADET CORPS

Question No. 316—**Mr. Goyer:**

1. How many cadet corps are there in Canada?

2. How are they distributed by provinces?

3. What were the total amounts paid to these cadet corps during the past year, and how are these amounts distributed by provinces?

4. What were the total amounts paid to the members of these cadet corps during the past year, and how are these amounts distributed by provinces?

[*Translation*]

Hon. Léo Cadieux (Minister of National Defence): 1. 1,055.

2. British Columbia, 114; Alberta, 110; Saskatchewan, 80; Manitoba, 71; Ontario, 272; Quebec, 208; Nova Scotia, 89; New Brunswick/Prince Edward Island, 57; Newfoundland, 54.

3. For the fiscal year 1966-67 $235,331.00 as follows: British Columbia, $14,503.01; Alberta, $10,276.62; Saskatchewan, $10,567.65; Manitoba, $10,536.71; Ontario, $92,250.88; Quebec, $61,916.72; Nova Scotia, $16,699.70; New Brunswick/Prince Edward Island, $12,096.53; Newfoundland, $6,483.18.

4. $489,874.09 as follows: British Columbia, $77,627.56; Alberta, $6,200.04; Saskatchewan, $22,920.00; Manitoba, $7,537.15; Ontario, $139,444.29; Quebec, $158,144.05; Nova Scotia, $31,870.00; New Brunswick/Prince Edward Island, $24,834.00; Newfoundland, $21,297.00.

[*English*]

INVESTIGATION OF CRUELTY TO ANIMAL CASES

Question No. 323—**Mr. Mather:**

1. Has the Department of Agriculture received protests from the Ontario Humane Society over reported refusal by veterinarians of the department to co-operate with society inspectors in examining cases of animal cruelty?

2. If so, have such complaints been investigated and the situation resolved?

Hon. J. J. Greene (Minister of Agriculture): 1. Yes.

2. A meeting to resolve any misunderstandings has been arranged.

EXERCISE OF FRANCHISE BY BRITISH SUBJECTS AND OTHERS

Question No. 326—**Mr. Stanbury:**

At the date of the last general election (a) how many British subjects, other than Canadian citizens, had been ordinarily resident in Canada for the preceding 12 months, and thereby were entitled to vote and be candidates for parliament (b) how many persons had been ordinarily resident in Canada for the preceding 12 months but were not British subjects, and therefore were not entitled to vote and be candidates for parliament?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Chief Electoral Officer as follows: (a) Apart from the requirement that a British subject who is not a Canadian citizen is required to be a resident in Canada for the 12 months immediately preceding polling day to be entitled to vote at a federal election and be a candidate for parliament, the Canada Elections Act does not make any distinction between these two categories, and consequently, this office has no information regarding this question. (b) The persons mentioned in this part of the question fall in the general category of those people not entitled to vote or be a candidate at a federal election and no records are kept in this office of the number of such persons.

*POPULATION OF NEW ELECTORAL DISTRICTS

Question No. 332—**Mr. Bell (Carleton):**

1. According to the 1966 census, are there any electoral districts established pursuant to the Electoral Boundaries Readjustment Act which have a population which (a) exceeds the quotient established pursuant to that act by a greater extent than 25 per cent more, or (b) is less than the said quotient by a greater extent than 25 per cent less?

2. If so, how many are there in category (a) and category (b) and what are the names and populations of each such electoral district?

3. If the answers to part 1 and part 2 indicated that anomalies and discrepancies have already arisen under the new redistribution, will the government consider amendments to the Electoral Boundaries Readjustment Act to remove them?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, the answer to this question is as follows:

Since the Electoral Boundaries Readjustment Act provides for the review of electoral boundaries only after each decennial census, information such as is requested is not available from the representation commissioner. The government is not now considering any amendments to the act in respect of revisions based on the quinquennial census.

MEAT IMPORTS

Question No. 338—**Mr. Laprise:**

In 1966, what were the total imports of (a) beef (b) lamb and mutton (c) pork of all kinds (d) chicken (e) turkey?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): In 1966, the total imports of:

		Quantity	Value $000
(a) Beef			
fresh or frozen	Cwt.	111,756	$ 7,843
cured	Cwt.	124,601	5,169
canned	Lb. Net.	9,677,496	4,155
Total beef			17,167

Questions

		Quantity	Value $000
(b) Total lamb and mutton (fresh or frozen)	Cwt.	559,692	15,918
(c) Pork			
fresh or frozen	Cwt.	273,971	12,301
cured	Cwt.	90,959	3,478
Total pork			15,779
(d) Total chicken	Cwt.	46,195	1,445
(e) Total turkey	Cwt.	1,548	85

[*English*]

HOUSING LOAN APPLICATIONS, CHAPLEAU CONSTITUENCY

Question No. 339—**Mr. Laprise:**

1. Under the National Housing Act, how many loan applications were made in the constituency of Chapleau in 1965 and 1966?

2. During the years 1965 and 1966, how many loan applications were accepted for the construction of houses in (a) the constituency of Chapleau (b) Amos, Senneterre, Chibougamau, Chapais, Macamic and La Sarre?

3. What was the value of such loans granted in that constituency for the years 1965 and 1966?

Hon. J. R. Nicholson (Minister of Labour): 1. Data on loan applications received are not available by federal constituency nor by municipal county.

2a.

NET NHA LOANS APPROVED FOR NEW HOUSING

NORTHERN AND EASTERN PARTS OF ABITIBI COUNTY
NORTHERN PART OF CHAMPLAIN COUNTY; ABITIBI AND MISTASSINI DISTRICTS
1965–1966*

Period	Approved lenders			CMHC			Total NHA		
	Loans	Units	Amount ($000)	Loans	Units	Amount ($000)	Loans	Units	Amount ($000)
1965	3	3	38	154	160	2,237	157	163	2,275
1966	—	—	1	216	263	4,061	216	263	4,062
Total	3	3	39	370	423	6,298	373	426	6,337

*CMHC Statistical data are not recorded on a constituency basis. The above is the closest approximation to activity in the constituency.

NET NHA LOANS APPROVED FOR NEW HOUSING

SPECIFIED MUNICIPALITIES IN ABITIBI COUNTY AND DISTRICT

Location	1965									1966								
	Approved lenders			CMHC			Total NHA			Approved lenders			CMHC			Total NHA		
	Loans	Units	Amount ($000)	Loans	Units	Amount ($000)	Loans	Units	Amount ($000)	Loans	Units	Amount ($000)	Loans	Units	Amount ($000)	Loans	Units	Amount ($000)
Amos	1	1	18	12	12	174	13	13	192	—	—	—	22	22	267	22	22	267
Senneterre	—	—	—	16	16	191	16	16	191	—	—	—	—	—	1	—	—	1
Chibougamau	2	2	20	19	25	264	21	27	284	—	—	1	31	32	354	31	32	355
Chapais	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Macamic	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
La Sarre	—	—	—	3	3	46	3	3	46	—	—	—	17	20	476	17	20	476
Total	3	3	38	50	56	675	53	59	713	—	—	1	70	74	1,098	70	74	1,099

Questions

APPLICATIONS FOR PASSPORTS TO ISRAEL AND EGYPT

Question No. 341—**Mr. Valade:**

1. How many persons applied to the government of Canada and obtained passports or visas to enter Israel or Egypt during the recent war between Israel and Egypt?

2. Does the government of Canada consider such persons to be Canadian citizens who may return to Canada with privileges?

[*Translation*]

Hon. Paul Martin (Secretary of State for External Affairs): 1. The Department of External Affairs cannot say how many persons may have applied for passports for the specific purpose of entering Israel or Egypt during the recent war for the reason that Canadian passports are issued valid for travel to all countries and passport applicants are not asked to state the countries to which they plan to travel. Visas to enter Israel and Egypt are not issued by the Canadian Government but must be obtained from the Israeli and Egyptian authorities.

2. Not applicable.

[*English*]

BROADCAST GOVERNORS PARTICIPATING IN JUNE HEARING

Question No. 342—**Mr. Smith:**

Which members of the Board of Broadcast Governors participated in the hearings commencing June 20, 1967?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: All members of the Board of Broadcast Governors participated in the hearings commencing June 20, 1967.

PERSONNEL OF BROADCAST BOARD

Question No. 343—**Mr. Smith:**

What are the names, addresses, and dates of appointment of the members (full and part time) of the Board of Broadcast Governors?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows:

Full time members: Dr. Andrew Stewart, Chairman, 2322 Hillary Avenue, Ottawa, Ontario; (appointed Nov. 18/58, re-appointed July 7/67). Mr. Pierre Juneau, Vice-Chairman, 911 Hartland Street, Outremont, P.Q.; (appointed Feb. 18/66). Mr. David Sim, 730 Island Park Drive, Ottawa, Ontario; (appointed Feb. 18/66).

[Mr. Nicholson.]

Part-time members: Mr. Joseph F. Brown, 2554 Wallace Crescent, Vancouver 8, B.C. (appointed Nov. 10/58, re-appointed Dec. 6/63). Mr. John M. Coyne, Room 1005, 77 Metcalfe Street, Ottawa, Ontario; (appointed Aug. 3/63). Miss Edouardina Dupont, P.O. Box 1106, Trois-Rivieres, P.Q.; (appointed Oct. 21/66). Mr. Claude B. Gagnon, 100, carré Youville, Quebec 4, P.Q.; (appointed Oct. 18/62). Mr. Joseph W. Grittani, Suite 304, 1801 Eglinton Avenue West, Toronto 10, Ontario; (appointed Sept. 12/63). Mr. F. G. Holmes, 211 Buckingham Drive, Windsor, Ontario; (appointed. Dec. 6/63). Mr. Major Reid, Rollo Bay West, Souris, P.E.I.; (appointed Oct. 21/66). Dr. Guy Rocher, 550, Champagneur, Outremont, P.Q.; (appointed Oct. 21/66). Mrs. Alan Sweatman, 266 Kingsway Avenue, Winnipeg 9, Manitoba; (appointed Dec. 6/63). Dr. Gordon W. Thomas, c/o International Grenfell Association Mission, St. Anthony, Nfld.; (appointed Oct. 21/66). Mr. George T. Urquhart, 824 Manawagonish Road, Saint John West, N.B.; (appointed Feb. 2/67). Mr. Ian Gordon Stott, 181 St. Peters Road, Sydney, N.S.; (appointed June 15/67).

FEDERAL PARKS

Question No. 344—**Mr. Caouette:**

1. How many federal parks are there in each of the provinces of Canada?

2. What is the area of these federal parks?

3. How much has the federal government spent on federal parks to date?

4. Do some provinces not have federal parks and, if so, for what reason?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. British Columbia, 4; Alberta, 5; (including Wood Buffalo national park, partially in Alberta and partially in the Northwest Territories); Saskatchewan, 1; Manitoba, 1; Ontario, 3; Quebec, 0; New Brunswick, 1; Nova Scotia, 2; Prince Edward Island, 1; Newfoundland, 1.

2. Total area, 29,416.2 square miles.

3. $238,362,741 to the end of fiscal year 1966-67.

4. There are as yet no national parks in the province of Quebec. The addition to the national parks system of one or more outstanding examples of Quebec landscape would indeed be welcomed by my department. However, the establishment of new national parks is dependent upon the province concerned taking the initiative. Customarily the province invites the federal government to participate in a joint survey of potential

park lands, followed by mutual agreement on a satisfactory area and subsequent action to transfer title to the lands, free of all encumbrances, from the provincial to the federal government. To date, no such invitation has been received from the Quebec provincial government.

STEPS TO MEET URANIUM DEMAND

Question No. 345—**Mr. Caouette:**

Has Eldorado Mining and Refining Ltd. taken any measures to fill the increasing demand for uranium and, if so, what are they?

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources): Yes.

In the past year Eldorado Mining and Refining Limited has increased its annual uranium production from the Beaverlodge mine by 11 per cent and is bringing into production a new 250 ton per day mine located some eight miles from its present mining and milling operations.

Through press releases and annual reports, the corporation has repeatedly warned the Canadian uranium producers and the mining industry at large of the urgent need for increased exploration and development of new uranium deposits to meet the increasing world demand.

COST OF GUARANTEED ANNUAL INCOME

Question No. 348—**Mr. Davis:**

Has an estimate been prepared of the cost to the federal treasury of a guaranteed annual income for all Canadian families of $3,000 a year and, if so, what is this cost likely to be (a) in total (b) when demands which would otherwise be made on unemployment insurance, social assistance, etc., have been deducted?

Hon. A. J. MacEachen (Minister of National Health and Welfare): No.

SECOND NATIONAL PARK IN SASKATCHEWAN

Question No. 349—**Mr. Watson (Assiniboia):**

Has the federal government any plans for a second national park in Saskatchewan and, if so (a) what are they (b) what sites have been under investigation in Saskatchewan for this purpose?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Yes. A survey of potential national park sites was carried out during the summer of 1965. (a) The objective is to establish a prairie national park. (b) The survey concentrated on the area south of the trans-Canada highway. Precise locations cannot be announced until such time as boundaries and other factors have been negotiated in co-operation with the Saskatchewan provincial government.

CONTRIBUTIONS UNDER UNEMPLOYMENT INSURANCE FUND

Question No. 354—**Mr. Latulippe:**

1. What was the maximum salary above which an insured person was not compelled to remain insured or pay weekly amounts in 1947, 1957 and 1967?

2. What was the maximum weekly contribution deducted from the maximum weekly salary of an insured person in 1947, 1957 and 1967?

3. What was the number of insured persons paying contributions to the unemployment insurance fund in (a) Canada (b) Ontario (c) the province of Quebec in 1947, 1957 and 1967?

Hon. J. R. Nicholson (Minister of Labour): I am informed by the Unemployment Insurance Commission as follows: 1. 1947, $3,120. 1957, $4,800. 1967, $5,460.

2. 1947, $.36. 1957, $.60. 1967, $.94.

3.

	(a) Canada	(b) Ontario	(c) Quebec
1947	3,255,238	965,300	654,210
1957	5,019,931	1,850,604	1,444,688
1967	5,334,212	1,895,743	1,627,688

INCOME TAX PAYMENTS

Question No. 356—**Mr. Davis:**

1. What were the personal income tax payments to the federal government in total and on an average per capita basis, by province, for the fiscal year 1964-65?

2. What were the corporate income tax payments to the federal government in total and on an average per capita basis, by province, for the fiscal year 1964-65?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Personal income tax payments to the federal government in total for the fiscal year 1964-65 were $2,903.9 million. The total includes old age security tax and provincial income tax collected by the federal government. Collection figures by provinces are not available because payments and refunds processed by the taxation data centre in Ottawa in 1964-65 relate to all provinces and district office collection figures, therefore, do not indicate correctly the amount collected in each province. The following table, based on an analysis of tax returns, shows the total tax payable by individuals in respect of the 1964

taxation year distributed by province of residence:

Province	Total tax payable $Million	Average per capita $
Newfoundland	26.5	53.97
P.E.I.	4.8	44.86
Nova Scotia	56.6	74.47
New Brunswick	41.4	67.10
*Quebec	583.8	104.96
Ontario	1,264.5	192.00
Manitoba	119.8	125.05
Saskatchewan	108.1	114.63
Alberta	182.8	127.65
British Columbia	314.3	180.84

*Does not include taxes levied and collected by the province directly.

2. Corporate income tax payments to the federal government in total for the fiscal year 1964-65 were $1,804.5 million. The total includes old age security tax and provincial income tax collected by the federal government. Collection figures by province, based on the district office of filing, are shown in the following table:

Province	Total tax collected $Million	Average per capita $
Newfoundland	22.5	45.82
P.E.I.	2.6	24.30
Nova Scotia	18.6	24.47
New Brunswick	15.4	24.96
*Quebec	498.1	89.55
*Ontario	867.3	131.69
Manitoba	72.0	75.16
Saskatchewan	18.1	19.19
Alberta	100.5	70.18
British Columbia	189.2	108.86

*Does not include taxes levied and collected by the province directly.

ACCESS ROAD AGREEMENT WITH QUEBEC

Question No. 358—**Mr. Blouin:**

Has the Department of Energy, Mines and Resources renewed an agreement with the government of the province of Quebec for the year 1967-68 relating to the construction of access roads to natural resources and, if so, what is the federal government's share in that agreement?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): No.

[Mr. Benson.]

WHARF MAINTENANCE, SANDY BEACH, QUE.

Question No. 359—**Mr. Blouin:**

Did the Department of Transport ask that repair and maintenance work be carried out on the wharf at Sandy Beach, Quebec, during the winter of 1965-66 and, if so, what is the name of the contractor who performed the work?

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): Yes. The work was carried out by a contractor, James Blanc.

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

ACQUISITION PRIORITY ON EXPROPRIATED PROPERTY

Question No. 125—**Mr. McCleave:**

1. Does the government give any priority to persons from whom it has expropriated property to acquire such property in the event the property becomes surplus and is disposed of?

2. If so, on what terms?

3. If not, would the government consider such a policy?

Return tabled.

INVESTMENTS BY PROPRIETARY CORPORATIONS

Question No. 150—**Mr. Godin:**

1. What was the sum invested by each of the proprietary corporations as defined in the Financial Administration Act, for each of the past three years?

2. What percentage of these investments originated from (a) corporation profits (b) loans (c) public funds?

Return tabled.

ACTION BY CROWN CORPORATIONS TO COMBAT WATER POLLUTION

Question No. 151—**Mr. Godin:**

What steps have been taken by the proprietary crown corporations as defined in the Financial Administration Act to combat water pollution?

Return tabled.

IMMIGRATION TO CANADA SINCE 1947

Question No. 227—**Mr. Stanbury:**

1. How many persons have immigrated to Canada since January 1, 1947, from each of the countries whose citizens enjoy the status of British subject under the Canadian Citizenship Act?

2. How many persons have immigrated to Canada during the same period from each of the other countries of the world?

3. How many of such persons from each country have acquired Canadian citizenship?

Return tabled.

EFFECT OF AGRICULTURAL SPRAYS ON FISH LIFE

Question No. 324—**Mr. Latulippe:**

1. What branches of what federal departments at what centres in Canada investigate the matter of agricultural sprays harmful to fish, and who is in charge of such works?

2. Is any damage caused to inland waters in Canada by the accidental flow of anti-parasitical substances and, if so (a) what is the nature of such damage (b) what is the monetary value of such damage?

3. Were any young Atlantic salmon and speckled trout lost in this manner in federal fish breeding facilities in New Brunswick located on the tributaries of the Saint John river and if so (a) in what numbers (b) what was the cost of this loss to the government (c) what were the local restocking programs for the waterways and lakes where such accidents occurred?

4. What percentage of oxygen supply is required for the hatching of fish eggs in New Brunswick?

5. What (a) poisonous substances (b) poisonous insecticides (c) other chemical anti-parasitical substances in water are injurious to fish?

6. Are any areas in New Brunswick sprayed to destroy injurious insects and, if so (a) what areas (b) what waterways, in that area can be polluted by the chemical products used in such circumstances?

7. Is a special interdepartmental committee studying forest spraying programs and, if so (a) what is the name of this committee (b) who are the members (c) what is the duty of each (d) what has been the cost of this committee to the government?

8. Has phosphamidon been used to date and, if so (a) in what quantities (b) with what results (c) at what cost (d) in what ratio is it effective (e) what areas in New Brunswick have been sprayed with this product?

9. What were the lethal doses found in the waterways of New Brunswick?

10. Has money been provided by the government to fight pollution by anti-parasitical substances and, if so, what amount?

11. What areas in Canada are most affected by such pollution?

Return tabled.

ACCESS TO PUBLIC RECORDS

Question No. 327—**Mr. Bell (Carleton):**

1. What was the nature of the provisions for access to public records specified prior to order in council P.C. 1966-1749 of September 9, 1966?

2. What change, if any, was made as a result of the passage of P.C. 1966-1749 in such provisions for access to public records?

3. What are the existing provisions for such access?

4. Are there any plans for new provisions for such access and, if so, what is the nature of such plans?

5. What is the present rule for access to public records now existing in (a) the United Kingdom (b) France (c) the United States?

6. What negotiations, if any, have been held with the governments of the nations mentioned in part 5, to arrange uniformity of rules of access among the nations, and with what result?

7. What problems, if any, arise for the Department of External Affairs and/or the Royal Canadian Mounted Police due to lack of uniformity of rules of access among such nations?

8. Has an advisory council on public records been appointed?

9. If so, what are the names, addresses and occupations of the members appointed to such council?

10. Since its establishment, on what dates has the council met?

11. In the preservation and custody of public records, what are the respective authorities and responsibilities of (a) the treasury board (b) Dominion Archivist (c) departments of government?

Return tabled.

PUBLIC SERVICE CLASSIFICATION REVISION PROGRAM

Question No. 335—**Mr. Bell (Carleton):**

1. In what occupational categories has the classification revision program of public servants been completed?

2. In what occupational categories is the program still incomplete and, in each case, when is completion anticipated?

3. In each of the occupational categories mentioned in parts 1 and 2 of this question, how many positions are affected?

4. How many positions in each occupational category were (a) "red-circled" (b) "green-circled" (c) converted to equivalent status?

5. Of those "red-circled" (a) how many applications for reviews were received (b) what disposition has been made of the applications?

6. How many persons in each occupational category have been removed by transfer, promotion or otherwise from the "red-circling" classification?

7. How many persons in each occupational category are still "red-circled", and what plans are there for the removal of these "red-circled" employees from such status?

Return tabled.

COST SHARING PROGRAMS

Question No. 355—**Mr. Davis:**

With regards to federal-provincial cost-sharing programs (a) how many are now in effect (b) what was the federal contribution, in total, and by program, for the fiscal year 1964-65 (c) what

was the federal contribution, in total, and by program, in each province for the fiscal year 1964-65?

Return tabled.

Mr. Aiken: Mr. Speaker, I rise on a point of order. I have been unable to find starred question No. 277 on the order paper. Could we have the number of the question which has been answered today?

Mr. Béchard: It is question No. 277.

• (3:10 p.m.)

HOUSING

STEPS TO MEET REPORTED CRISIS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I ask leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance under standing order 26. The matter to which I refer would be contained within the motion, if leave is granted. The matter is:

—the deepening of the grave crisis in the house construction industry as the result of the government's failure to provide the necessary funds;

the government's persistent failure to establish priorities in meeting the needs of citizens generally;

the increasing serious lack of housing accommodation, particularly for most low income families;

the alarming increase in the cost of housing created by the shortage of accommodation and aggravated by the government's policy of retaining the 11 per cent sales tax on building materials;

and the resultant disruptive effects on the retention of specialized and skilled labour in the building industry.

Mr. Speaker: Would the hon. member for Esquimalt-Saanich kindly enlighten the Chair and the house on the question of urgency of debate? I take the liberty to caution the hon. member and others who might want to participate in the consideration of the matter of urgency that what is before the house at the moment is the question of urgency of debate, not urgency of the subject matter of the proposed motion.

Mr. Chatterton: Mr. Speaker, I shall try conscientiously to restrict my remarks to the question of urgency of debate. I shall try very hard not to infringe the rules. We had all expected, and I know a great number of Canadians across the country and the building industry had expected this, that today the Prime Minister or the Minister of Labour would rise on motions and make a statement with regard to the serious question that arises in the country in respect of the housing shortage.

[Mr. Davis.]

This has not been done, in spite of the fact that since the house rose 11 weeks ago a large number of organizations have made representations to the government on this important matter. Also, during this time the Economic Council has submitted its fourth annual review. According to that review it would seem that this year something between 180,000 and 190,000 new housing units will be required. It would also appear from estimates I have been able to obtain that there will be a shortage this year alone of something between 30,000 and 40,000 housing units.

The second point I make in support of urgency of debate of the question is that it is now 11 weeks since the house rose. During this time there has been ample evidence of the rapid increase in the cost of housing, an increase occasioned largely by the shortage of housing caused by government policies. Because there are several buyers for the same house, the cost of the house has gone up very considerably. In the Toronto area, for example, I have one estimate that the cost of an average new house has gone up by over $5,000 in the past year.

The Dominion Bureau of Statistics indicates that between August 1966 and August 1967 the consumer price index for housing, which includes shelter and housing operation, increased from 145 to 152.2. This is an increase of 7.2 points in the cost of housing over the past year ending in August. Yet we have had no opportunity in the past 11 weeks to discuss this matter.

The third point I put before the house with regard to the question of urgency is that in spite of the clear warnings of the Economic Council in its previous reports and in its most recent, fourth annual review—some of the comments being almost startling, in spite of the reserved language used by the Economic Council—there is nothing on the order paper which will provide a vehicle for members of the house to discuss this matter which is reaching catastrophic proportions, namely the shortage of housing and the high cost of housing.

Some hon. Members: Hear, hear.

Mr. Chatterton: I am sure it is a matter of the gravest disappointment to millions of Canadians that there is no clear proposal by the government to solve or even ameliorate this question. During the past 11 weeks we have read statements made by the Minister of Labour, who I am sorry is not in the

house today. I understand that today in the west he is still talking about housing, as he has been for the past year and a half. But no action has been taken. We have no indication, for example, of when the budget will come before the house for debate.

I maintain, therefore, that in view of the serious developments that have occurred during the past year, the further anticipated increase in the mortgage interest rate by October 1, and the freeze on mortgage funds for direct lending by the government, there is an urgent requirement for debate today by this house on this most important matter. For those three reasons, Mr. Speaker, I submit there is an urgent requirement for such a debate.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, it seems to me there is every reason to agree on the urgency of debate on the subject which has been introduced. As a matter of fact I had such a motion ready to introduce, because I think this is a matter of the utmost importance. All the members of the house who have just come from their constituencies must know that the housing shortage in this country is now reaching critical proportions.

All the indications are that targets set will not be reached. The Economic Council of Canada said just recently that we ought to be building 190,000 houses a year. The government's original target was 170,000 houses, later cut to 150,000. According to the best reports we are able to obtain it is doubtful now that we will even reach the target of 150,000 housing starts this year.

This situation has been worsened by the announcement of the Prime Minister in August that the $300 million of additional funds that it was hoped would be made available for housing is not to be made available. The Economic Council in its fourth annual review is most critical of the application of a tight money policy to house construction.

• (3:20 p.m.)

The Prime Minister said in the middle of August that this whole question of additional funds for housing should be reviewed again in the fall. Some two months have elapsed and the government has had ample time to review this matter. It seems to me that it is the right of this house and of the people of Canada to know what the government's intentions are with respect to housing, whether or not they are going to make this $300 million available or whether we are going to continue to fall short of the targets with the results that are now apparent, namely that houses are becoming scarcer and rents are increasing. People in this very city of Ottawa are being evicted from homes at the present time. The situation has become such that one of the leading housing authorities in Canada has said that in 1968 we will face a housing crisis such as this country has never before experienced.

It is because the government has not announced any policy and has not put forward any program that we are entitled to a debate in order that we and the people of Canada may know what the government intends to do if anything. Surely there is nothing that can be more important than to have a full scale debate at this time in order that we may know the government's plans and whether or not the government intends to grant the $300 million additional mortgage funds which, it was hoped all along, would be made available.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to put forward my own contribution to this debate and express the views of this group concerning the housing situation in the country. This is not a new problem. We have been faced with it many times prior to the adjournment of this session and it has been growing with increasing speed ever since then.

I do not intend at this time to debate the urgency of the matter because we all know that it is a very urgent one in view of the fact that the two most basic necessities of human beings are food and shelter. There need be no discussion of that. There is a need for housing and we all realize it.

So far as urgency of debate is concerned may I suggest that we refer to Beauchesne's fourth edition, citation 100 (2) which states that a matter "must be so pressing that public interest will suffer if it is not given immediate attention". In my opinion there is no matter that is more pressing and more urgent that this one now. Public interest will definitely suffer from lack of housing and therefore it is our duty, if at all possible, to put a stop to the high cost and rising price of housing and to ensure that the house does its duty before this situation develops into a crisis.

Far too often we have waited in this house before acting on important matters. We have waited until the situation became critical, at which time it is very difficult and sometimes practically impossible to deal with it. In such cases the measures we take can only be very hasty ones and not necessarily the right ones.

I should like to refer the house to citation 100 (3) which states as follows:

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate", when the ordinary opportunities provided by the rules of the House do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

I will leave it to the government to establish the earliest opportunity at which a debate on this subject can take place. When I say "the earliest opportunity" I do not mean in a month's time or next week. I mean this week either tomorrow or the day after. I am of the opinion that this should be the first subject discussed in the house because housing is in a critical state at the present time.

Mr. Bert Leboe (Cariboo): Mr. Speaker, may I say in very few words that we believe there is a real urgency of debate on this matter and that the government should be given an opportunity to tell us exactly what are its plans so far as housing is concerned. The reason I say this is that I believe we have a twofold program: first is the problem of the housing situation and second are the inflationary pressures which exist in the country at present. A great deal of money poured into housing will bring about an increase in the inflationary pressures. We should like to hear from the government how it intends to combat the inflation resulting from higher prices and still meet the needs of housing which is a matter of great importance. On this point alone I think it is essential that we hear from the government and that you, Mr. Speaker, give an opportunity for a debate to take place so that the government can give us a clear picture of how they intend to meet the present situation where a great deal of money must be spent on housing and yet the inflationary pressures must not be allowed to continue.

Hon. George Hees (Northumberland): Mr. Speaker, the reason this matter is of urgency is that the period in which the situation can be corrected is very short because the construction season for this year will soon come to an end and by the end of this year, as a result of this government's lack of planning, close to 50,000 Canadian families will have inadequate housing to shelter them. This is a crisis. The government's housing program is actually running in reverse. In July we were given the last figures that the Dominion Bureau of Statistics makes available to the Canadian people. The number of housing starts in July was 7 per cent below the number of starts made in May and 14 per cent below the number of starts made in August. This situation is steadily worsening. It has approached crisis proportions. Even if the starts were maintained for the rest of the year at the rate of the July starts instead of decreasing further, as they have been doing for the past two months, by the end of this year we would still be able to produce only 146,000 housing starts instead of the absolute minimum of 190,000 housing starts which the Canadian Economic Council has told us is the minimum required for this country this year.

Therefore we must have a debate on this matter today. The government's plan is not a plan. As I said, it is running in reverse. We are producing less houses month by month and by the end of the year 50,000 Canadian families will be without shelter. Obviously the government has no plans to put forward. It is therefore the duty of the opposition to present plans to the government, which we intend to do, and to suggest what the government should do to get the 190,000 houses built in a year which the Canadian Economic Council has stated is the absolute minimum. Therefore a debate on housing should be proceeded with immediately and without delay.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, despite your request at the beginning of this debate that we confine our remarks to the urgency of the debate and not to the subject matter itself, every speaker who has taken advantage of Rule 26 has of course discussed and emphasized the fact that there is a housing shortage in this country. I should like to consider myself intellectually honest to the point that I agree there is a housing shortage in Canada at present, but unlike some of the hypocritical statements which I have just heard, particularly those made by the leader of the New Democratic party, I recognize that in this country there is the B.N.A. Act and that under the constitution of Canada housing is a provincial matter. Although the socialists preach in favour of particular status for one part of the country and not for another they have no hesitation in laying at the feet of the federal government the complete responsibility for the housing shortage, thus denying to the provinces their jurisdiction in this field.

I may be out of order, Mr. Speaker, but so was the leader of the New Democratic party. I wish to point out that I am not as concerned with the shortage of housing in this country for people in the $20,000 to $25,000 income bracket who need homes as I am

about the shortage of low rental housing for people of average income. This is where the prime responsibility of the government lies, but requests for such housing must originate from civic and provincial authorities.

Mr. Mac T. McCutcheon (Lambton-Kent): Far be it from me to attempt to give advice pertaining to the rules of this house. However, it is my understanding that the matter to be decided now is the necessity or urgency of debate at the present time. Is there or is there not a matter of urgency in and for the national interest relating to housing? In order to decide on the urgency of the debate I suggest a valued judgment must take place regarding how accurate and reliable are the reports of the economic council. If we assume that the advice of the economic council should be heeded—I for one believe that it should—then we need not only refer to the last and most recent report but we must refer to the previous reports made by this body a year ago. At that time a warning was issued to the government of an impending catastrophe in the housing situation. I submit that having largely ignored these warnings for well over a year the government has allowed a crisis of major importance to develop.

• (3:30 p.m.)

In view of the unpardonable delay, I suggest that there is now urgency of debate in regard to this matter of extreme national concern.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, normally at this stage of this kind of debate comments are expected to be restricted to the procedural point whether there is urgency of debate and whether the normal business of the house ought to be set aside so as to permit the house to deal with a matter that is not listed on the order paper for consideration by the house.

The discussion so far, Mr. Speaker, has, of course, been completely out of order—

Some hon. Members: Oh, oh.

Mr. MacEachen: —because it has been directed entirely to the substance of the matter, namely, the housing situation in Canada.

I do not intend to go into the substance as fully as have hon. gentlemen opposite, but I should like to put on the record the fact that the government of Canada regards this matter as one of great importance and of great seriousness.

The government of Canada has taken action in the current year to add substantially to the development of a housing program in Canada. The Minister of Labour, who is responsible for housing, is unavoidably absent from the house today on public business, but in the past he has put on the record the facts with respect to the housing situation in Canada.

There will be opportunities very shortly to deal with this matter in an orderly way at a time when the minister is in the house.

Mr. Churchill: He should be here today.

Mr. MacEachen: There is on the order paper, Mr. Speaker, yet to be dealt with the estimates of the Department of Labour. These can be called at an appropriate time. We have the adjourned budget debate, with an amendment, and also a subamendment. One aspect of the subamendment opens up very clearly the field of housing. This must be dealt with by the house, and it will be at an early date. There are three supply motions to be considered by the house. Anyone of those can be chosen as an opportunity to deal with housing. I suggest, Mr. Speaker, that the situation has not changed in a way that would require the house to deal with this question today. I suggest that normal opportunities for debate will be available very shortly that will give members of the house an opportunity to deal with this very serious and important matter.

We have listed for consideration today other matters of public business, and these matters of public business are important. At a very early date, through one of the opportunities I have mentioned it will be possible for members of the house to express their concern about this important matter. The Minister of Labour will then be able to set on the record the facts with respect to housing and to outline the policy of the government.

If the motion for adjournment were accepted today, Mr. Speaker, it would be quite futile because the spokesman for the government who is normally present to deal with these matters would not be present.

Mr. Nielsen: Is he the only spokesman for the government?

Mr. Pearson: Same old gang.

Mr. MacEachen: How true, Mr. Speaker; it is the same old gang.

Mr. Speaker: Order. I wonder whether hon. members want to pursue the debate. I might say that I have reached an opinion as a result of the arguments advanced by both sides of the house. However, I would not want to curtail this interesting discussion. I perceive the hon. member for Winnipeg North Centre wishes to contribute to the debate and I will recognize him.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the Minister of National Health and Welfare began his remarks by saying that everyone who had spoken to this question was completely out of order. I suggest that practically all the members on this side of the house who have spoken to the question have addressed themselves to the urgency of debate. I would draw attention particularly to the fact that the hon. member for Mégantic read the portion of the citation that deals with this aspect of the problem. I think it is important and that the house should hear it again. Citation 100 (3) reads as follows:

"Urgency" within this rule does not apply to the matter itself—

We all accept that.

—but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

That is the basis on which this request has been made by the official opposition, and it is the basis on which we intended to make the same request today. I point out to Your Honour that on some occasions when an attempt is made to adjourn the house under standing order 26 a spokesman for the government gets into the debate on the procedural question and indicates a definite time when the subject before us may be discussed. But today the government house leader has taken part in the debate and all he has given us is the assurance that it will be possible to discuss this matter some time soon. In light of the urgency of the situation, and in light of the need for discussion to take place so that the public interest will not suffer, we suggest it is not good enough to say that there will be a discussion of this matter soon.

In the course of a conversation I had with the government house leader this morning he was good enough to indicate to me the business for today and tomorrow and, for that matter, for the balance of this week. I suspect he has given that same information to the other house leaders. There is nothing in the list given to me that opens up the possibility of discussing the housing crisis this week.

[Mr. Pearson.]

I agree with all those who have spoken about the urgency of debate that the crisis is so serious that it is not proper for parliament to put it off week after week to that eventual day—some time soon. The crisis is here now. What is needed, and needed precisely within the terms of citation 100 (3), is debate now so that the public interest will not suffer.

The Minister of National Health and Welfare says that the minister responsible for housing the Minister of Labour, is not present. The Prime Minister has been able to make pronouncements on the question of housing. Surely this is a matter of government concern, despite the hon. member for Verdun who thinks it is a provincial matter. This matter is a federal responsibility. The whole country has been aware for the past two months of the growing nature of this crisis. Surely any prophet could have indicated that this question was going to be raised today. I submit that it is not a satisfactory excuse for the government to say that one particular minister is not here today to deal with the matter.

I am not discussing the urgency of the matter; we are all aware of that. I am saying that within the rules of the house there is urgency of debate, and that that debate ought to be allowed today.

Mr. MacEachen: Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order, please. The minister has already taken part in this debate. Is he rising on a question of privilege?

Mr. MacEachen: I rose on a point of order and so stated, Mr. Speaker. I wanted to comment on the fact that the hon. member—

Some hon. Members: Order.

Mr. Speaker: Order, please. I suggest to the minister that it would not be conducive to reaching an early decision in this matter if we were to continue the argument on whether or not the point of view expressed by the minister is correct. If it will make the minister feel a bit better, I might tell him that generally speaking I tend to agree with the position he has taken.

• (3:40 p.m.)

Hon. members referred the Chair to paragraph 3 of citation 100 of Beauchesne, fourth edition. That is a well known citation and I am in full agreement with the hon. member for Winnipeg North Centre when he quotes this citation and says that this is a matter of urgency and national importance. The wording, in part, is:

"Urgency"...mean "urgency of debate", when the ordinary opportunities provided by the rules of the House do not permit the subject to be brought on early enough...

Of course, this is an entirely relative expression. The Minister of National Health and Welfare, as government house leader, says that some time soon, within a certain time, there will be an opportunity to discuss this important and obviously urgent matter. He has referred to the fact that an amendment to the budget motion is now before the house and that there are three supply motions to come before the house. I might add that one of these is to be brought forward very soon. I cannot say exactly when, unfortunately, but one motion has to be brought forward soon. There is also a third opportunity to which the minister referred.

My view would be, considering that this is the first day of the resumed session, that the best position to adopt might be to see whether some negotiations could not be entertained between the house leaders and for them to agree as to when would be the proper time, at an early date, to consider this important matter. If no such agreement is reached and if another motion were moved some time soon, the position of the Chair might be different then.

Perhaps I might read to hon. members part of paragraph 8 of citation 100 as found on page 91 of Beauchesne, fourth edition:

I do not think that, under the Standing Order... a motion on a subject of this kind, having such a very wide scope, was ever contemplated. What I think was contemplated, was an occurrence of some sudden emergency, either in home or in foreign affairs.

In their presentations hon. members have pointed to the fact that this is not a sudden emergency. It is perhaps a continuing emergency. I have some doubt, in view of this situation, whether this is the type of motion that can be and ought to be entertained under standing order 26. The citation continues:

—I do not think it was contemplated... that a question of very wide scope, which would demand legislation to deal with it in any effective manner—

Apparently that is the situation here.

—should be the subject of discussion on a motion for the adjournment of the House—

In view of these considerations I would tend to the conclusion that this motion cannot be entertained at this time but could be reconsidered by the Chair, to use the minister's words, some time soon.

TRADE

WHEAT—REQUEST FOR STATEMENT ON REPORTED PRICE DECREASE

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I had intended to address my question to the Minister of Trade and Commerce, who is absent, as it concerns his responsibility to the House of Commons on behalf of the wheat board. I might have directed it to the Minister of Finance but he is also absent. I shall therefore direct my question to the Prime Minister. Would the Prime Minister explain to the house and country why wheat has dropped 22 cents per bushel since the announcement of the Minister of Trade and Commerce prior to the adjournment of the house that the price of wheat would increase by 20 cents a bushel following his report to the house on the Kennedy round of discussions?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that is far too broad a question to be answered on orders of the day. I should be glad to take it as notice. There will be an opportunity very shortly to deal with the matter. The Minister of Trade and Commerce is away on official business. The Minister of Finance is attending the annual meeting of the world bank in Brazil. They will both be back in a few days. We shall have an early opportunity to discuss this important matter.

Mr. Woolliams: A supplementary question, Mr. Speaker. As the international wheat agreement seems to have lapsed, did the Prime Minister or his government have any discussions with the United States at the ministerial level to avoid the decrease in wheat prices? Did discussions take place prior to the announcement by the United States that they were increasing the subsidy on their wheat, the effect of which would be to take our markets?

Mr. Pearson: The Minister of Trade and Commerce has been in Washington during the course of the last month discussing this matter.

Inquiries of the Ministry

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, may I direct a supplementary question to the Prime Minister. In view of the seriousness of this situation would the Prime Minister not agree to make a statement in the house on motions within the next day or two dealing with the matter?

Mr. Pearson: Yes, Mr. Speaker. That seems to be a good and reasonable suggestion. Perhaps we shall be able to do that tomorrow or the next day.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. As the drop in the price of wheat could cost the prairie farmers over $100 million this year and as the international wheat agreement expired on July 31 and the new agreement will not be effective until the middle of 1968, would the Prime Minister say whether the government intends to take any steps in the near future to implement the promise he made to guarantee the farmers a payment of $2 a bushel f.o.b. Fort William?

Some hon. Members: Hear, hear.

Mr. Pearson: Mr. Speaker, the question of wheat prices is under consideration. Perhaps my hon. friend could have restricted his remarks to that and not gone back into old election controversies.

Some hon. Members: Oh, oh.

Mr. Pearson: Mr. Speaker, if the hon. member would take a more broad minded, non-political attitude we could make more progress.

Some hon. Members: Oh, oh.

Hon. E. D. Fulton (Kamloops): May I ask the Prime Minister whether it is his intention to indicate by his remarks, that all his promises are to be treated as lightly as he has treated that one?

Mr. Speaker: Order, please. As we have already had four or five supplementary questions I suggest we move to another matter to allow other hon. members to ask questions. If there is time, and I assume there will be, we can return to the subject.

[*Later:*]

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I have a question which is supplementary to one raised earlier by the hon. member for Bow River. I am sorry that the Chair did not look my way when I rose to speak. In reply to the hon. member the Prime Minister said that he would ask the minister concerned to report later in respect of the 22 cent drop in the price of wheat because he felt the question was important. Would the Prime Minister ask the minister to indicate when replying, why the international wheat agreement lapsed? I think this is the important question in this whole matter.

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I feel this question is properly addressed to the Prime Minister. In view of the fact that the wheat crop in western Canada has been somewhat less than average but of extremely high quality, what measures is the government taking to see that this high quality wheat is moved into the markets of the world?

Mr. Pearson: Mr. Speaker, I will be glad to discuss this with the minister. I wish he were here today.

[*Translation*]

DOMINION-PROVINCIAL RELATIONS

QUEBEC—CONSIDERATION OF NATIONAL UNITY

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I would like to direct a question to the Prime Minister concerning the delicate situation now existing in the field of federal relations with Quebec.

Does the government intend to call a meeting of the federal members from the province of Quebec to discuss the problem of national unity and the Quebec situation in order to obtain from them a free non-partisan opinion to which the government might give consideration during federal-provincial conferences, should agreements be concluded? If so, when can we expect that such a meeting will be called?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have no doubt that there will be an opportunity in parliament before long to discuss this important matter. That discussion, I am sure, will not be restricted to the federal members of parliament for Quebec.

EXTERNAL AFFAIRS

VIET NAM—INQUIRY AS TO SETTLEMENT NEGOTIATIONS

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): I wish to direct a question to the Prime Minister, Mr. Speaker. In view of reports that a few

days ago a Canadian representative was in Hanoi to meet with officials of the government of North Viet Nam, can the Prime Minister indicate what if any progress is being made in efforts to begin negotiations to bring the conflict to a conclusion?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Canadian representative in question was the Canadian member of the international commission there and he was paying a regular visit to Hanoi, as he does from time to time. No particular significance, of course, is to be attached to that visit.

I cannot say that there has been any progress in regard to the opening of negotiations on this important matter. Certainly no substantial progress has been made since the house last met. The matter is continuously being examined, more particularly from the Canadian point of view by the Secretary of State for External Affairs who has had discussions in New York concerning it. The matter will be before the United Nations general assembly and perhaps the security council during the forthcoming weeks.

THE CANADIAN ECONOMY

STEPS TO MEET INCREASE IN COST OF LIVING

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I wish to direct a question to the Prime Minister. Could the Prime Minister not indicate to the house what steps the government intends to take to stem the rapid acceleration in the increase in the cost of living which has taken place during the three months since this house last met?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it will not be possible to answer such a far reaching question on orders of the day. We shall be having a five-day budget debate very shortly, I hope, when my hon. friend and other members can go into this matter and the government will be able to reply.

Mr. Hees: Will the Prime Minister assure the house that when the budget debate does take place he will outline the steps the government intends to take to overcome, for example, the effects of the 2 per cent increase in the cost of living which has taken place in the last two months—an unbelievable acceleration?

Mr. Pearson: Most of the hon. gentleman's statements are unbelievable. I admit, though, that this is a very serious matter.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a supplementary question for the Minister of Industry in connection with a specific aspect of this problem. Can the hon. gentleman indicate whether the recent increase in the price of automobiles is due to the government's failure to cope with inflation or to the effects of the international automobile agreement?

Mr. Speaker: I suggest to the hon. member that his question is argumentative.

NATIONAL DEFENCE

POSSIBLE CANADIAN PARTICIPATION IN U.S. ANTI-BALLISTIC MISSILE NETWORK

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Prime Minister regarding the proposed construction by the United States of an anti-ballistic missile network. Is Canada in any way involved in this construction, will any part of this network be constructed on Canadian soil, and have any commitments been made or is there any prospect of any being made with regard to it?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. As already stated, we are not involved in this decision of the United States government to proceed with an anti-ballistic missile defence facility. We are not involved in any way, nor do I think we shall be involved in this particular project. Naturally, we are anxious to obtain all the information we can on such an important step and to deal with the situation as it may develop in the future in the best interests of Canada and of peace, but we are not involved with this particular project in any way nor do I have any information to indicate that the United States government will be asking us for facilities of any kind on our soil in this connection.

I might add, since there have been reports to the contrary which were inaccurate, that we were informed of the decision of the United States government in this matter before it was made public.

Mr. Douglas: In view of what happened in connection with the installation of the Bomarc missiles in Canada, may we have an assurance from the Prime Minister that no commitment will be made by the Canadian

government before the matter has been referred to parliament and its members informed of any action which is contemplated by the cabinet?

Mr. Pearson: If a situation were to develop requiring such an important change in Canadian defence policy and, indeed, perhaps in foreign policy, as to call for participation in an operation of this magnitude, with all the complications and implications of such a decision, I think that if parliament was sitting parliament would be consulted first.

[*Translation*]

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to ask the Prime Minister whether the decision of the United States to establish such an anti-missile system is not inconsistent with the NORAD Treaty, which was signed by Canada, to the effect that the United States should confer with Canada as regards North American defence?

Mr. Speaker: That question is argumentative and out of order.

[*English*]

Mr. L. R. Sherman (Winnipeg South): A supplementary to the Prime Minister on this question of North American air defence. In view of statements from Washington that the United States defence department is considering going beyond the missile defence project announced last week toward a new form of bomber defence for North America, may I ask whether the right hon. gentleman has any information with respect to Canada's role in these circumstances?

Mr. Pearson: I know of no request or suggestion by the United States that we should alter the nature of our present participation in continental defence against manned bombers in any way. I will discuss this matter with the Minister of National Defence, however, before giving a definite response.

[*Translation*]

[*Later:*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a question to the Prime Minister and come back to a subject considered by the house a few minutes ago, and ask him whether the government intends to renew the agreement concerning the air defence of NORAD, which will be coming to an end shortly?

[Mr. Douglas.]

[*English*]

Mr. Pearson: That matter is under active examination, Mr. Speaker, and I hope it will be possible to make an announcement in the house with regard to it very shortly.

CANADIAN CONSTITUTION

FEDERAL PARTICIPATION IN PROPOSED PROVINCIAL CONFERENCE

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I wish to ask the Prime Minister a question with regard to the constructive proposal of the prime minister of Ontario to hold a conference on the subject "Confederation for Tomorrow." Will the Prime Minister reconsider his position with regard to participation by the federal government and agree to be present himself or at least to have a senior federal minister participate so that the federal position may be presented in a positive and constructive manner?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think it would be appropriate for the Prime Minister of Canada to be present as an observer at a provincial conference called by the head of the government of one province not as a federal-provincial conference but as an occasion for provincial consideration. This was made clear by the prime minister of Ontario when he met with other heads of provinces and myself last July; he had in mind a provincial conference though he would welcome federal participation in an observer capacity. There will be federal observers at the conference.

Mr. Fulton: The Prime Minister seems to indicate that the representation at this conference will be non-ministerial. Will he tell us what the nature of the federal participation will be? At what level will the government be represented? Will there be participation and, if so, what instructions have been given with regard to the position to be taken? Or will the federal government be represented merely by an observer?

Mr. Pearson: We have undertaken to the province of Ontario to send observers and we shall send observers from an appropriately high level.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, a supplementary question.

Could the right hon. Prime Minister tell us whether he intends to delegate the hon.

Minister of Justice (Mr. Trudeau), who has definite ideas on the Canadian constitution, to this interprovincial meeting in Toronto and whether the hon. Minister of Justice will then speak for all the cabinet members or for himself only?

[*English*]

Mr. David MacDonald (Prince): Mr. Speaker, could the Prime Minister inform the house whether the representation at this conference will be merely at the level of back-room experts or civil servants or whether it will consist of members of this house?

Mr. Speaker: The question is a repetition of one which was asked previously.

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, in view of recent statements made in Quebec by members of the Prime Minister's own government and party concerning constitutional matters affecting Canada's future, will the right hon. gentleman take an early opportunity to make known the position of his government on this important subject for the benefit of the house and of Canadians generally?

Mr. Pearson: Mr. Speaker, I have made a great many statements on this matter in recent months and years. I hope an opportunity will soon arise in this house when we can discuss this most important subject, a matter which we all consider to be a serious one. At that time I hope to be in a position to make the kind of statement which the hon. gentleman is suggesting.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in deliberating over this question will the Prime Minister and his government reconsider the proposal which has been made a number of times and accepted in general principle by the right hon. gentleman himself, namely, that the whole subject of the constitutional future of Canada be referred to a special committee of the house?

Mr. Pearson: I said in this house last spring that I believed it would be important to have this question considered by hon. members, possibly by means of a special committee, but that I thought such consideration would be more useful if it came after the federal government had made up its own mind with regard to its own policy on this most important matter so that it could submit that policy to a committee of the house and to the house itself. Since that time, as the hon. member knows, we have been studying the question. We have set up a special branch in the Department of Justice for that purpose under a full-time senior official appointed for those duties. I hope this study will be completed before long. We will then be able to consider submitting the decision of the government to the kind of committee the hon. member has mentioned and obtain the views of others in this house on the question.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, when a discussion does take place in parliament can we be assured that the Minister of Justice will participate as a member of the cabinet and that his position will not be disavowed as it was by the Prime Minister and the rest of the Liberal caucus?

Mr. Speaker: Order. The question is out of order.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I have a supplementary question.

I should like to ask the right hon. Prime Minister whether the final report of the Laurendeau-Dunton Commission is about to be published and tabled in this house.

Mr. Speaker: Order. I doubt that this is a supplementary question, but since it has been asked it will be allowed.

Mr. Grégoire: May I then ask the right hon. Prime Minister when the report of the Laurendeau-Dunton Commission is to be tabled in this house and whether he himself has already received this report?

[*English*]

Mr. Pearson: No, I have not received the report yet, Mr. Speaker, but I have been assured that the first, or is it the second volume of the report of the commission—the second and very important volume of the report should be available before the end of November, and I hope that date will be kept.

VETERANS AFFAIRS

INQUIRY AS TO INCREASES IN PENSIONS AND DISABILITY ALLOWANCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the hon. and gallant Minister of Veterans Affairs. In view of representations made by the Canadian Legion, other veterans organizations, the chairman of the standing committee on veterans affairs, other members of

the committee and members of the house, on the urgent need for an increase in disability pensions and war veterans allowances, can the minister inform the house of the government's intention with respect to his urgent question?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I want to thank the hon. member for giving me notice that he would ask this question today. Unfortunately I have no specific answer for him. The matter is still under consideration and no conclusion has been reached.

Mr. G. L. Chatterton (Esquimalt-Saanich): As a supplementary question, can the minister advise whether the report of the departmental committee on the basis of establishing disability pensions has been received and, second, whether such an amendment will be provided by way of amendment to the Pension Act or by way of estimates?

Mr. Teillet: Mr. Speaker, the answer to the first of this three-part question is that I have not yet received the report of the departmental committee. The answers to the other parts will depend on the circumstances at the time when a decision is reached.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR STATEMENT ON FREEDMAN REPORT

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the newly appointed Minister of Transport, but in his absence perhaps I may ask the Prime Minister whether he will ask the Minister of Transport to use his powers relating to integration to see if he can possibly integrate the recommendations of the Freedman report into policy and make an appropriate announcement in regard thereto?

Right Hon. L. B. Pearson (Prime Minister): I shall be glad to take that up with the new minister, Mr. Speaker.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO PROVINCES ACCEPTING INVITATION TO ATTEND

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I have a question for the Prime Minister. The Prime Minister is reported as having stated that five of the provinces have now accepted his invitation to the federal-provincial conference called for early next year. Could he tell us which provinces these are?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would prefer, if possible, not to do that because I do not want to put the others, which have perhaps been delayed a bit, in an invidious position. I have reminded the other provinces today that I am hoping for replies shortly, and if my hon. friend would wait until the end of the week perhaps I may have ten replies.

Mr. Erik Nielsen (Yukon): As a supplementary question, may I ask the Prime Minister whether the governments of the Yukon and the Northwest Territories have been invited to participate in that conference.

Mr. Speaker: The hon. member for Carleton.

Mr. Nielsen: Perhaps the Prime Minister did not hear my question, Mr. Speaker. Have either the government of the Yukon Territory or the government of the Northwest Territories, or both of them, been asked to participate in that conference?

Mr. Pearson: I shall have to look into that matter, Mr. Speaker.

PUBLIC SERVICE

LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the Prime Minister whether the government has completed its consideration of the unanimous report of the joint special committee of the Senate and the House of Commons on the public service for an increase in pensions of retired public servants and, if so, whether high priority will be given to implementing legislation?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, perhaps I could answer this question by simply stating that the government has not at this point completed its consideration of the matter.

Mr. Bell (Carleton): Could the minister give any indication of when the consideration might be completed?

Mr. Benson: In due course, Mr. Speaker.

Mr. Stanley Knowles (Winnipeg North Centre): As a supplementary question, Mr. Speaker, may I ask the minister if we are going to get action on this matter or is it going to be put off indefinitely?

Mr. Benson: When the government has made its decision that decision will be made known to the house in the usual manner.

Mr. Knowles: Shame.

FINANCE

POSSIBLE BUDGET REVISION RESPECTING HOUSING

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the accelerating crisis in housing, the shortage of mortgage funds and rising interest rates, does the government intend to revise or amend the budget which was presented to us prior to the summer recess?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker.

NATIONAL PARKS

WASKESIU, SASK.—POSSIBLE RETENTION OF TOURIST CABINS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I would like to direct a question to the Minister of Indian Affairs and Northern Development. Could the minister inform the house whether his drastic plan to do away with the cabins at Waskesiu will be proceeded with or will he take into consideration the strong representations of tourists in Saskatchewan not to do this?

Mr. Speaker: I wonder whether this question is of immediate urgency. It is difficult for the Chair to decide.

Mr. Rapp: It is urgent.

CANADIAN BROADCASTING CORPORATION

SASKATOON—INQUIRY AS TO STATION CONSTRUCTION

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I would like to direct a question to the Prime Minister. In view of the previous understanding that construction of the C.B.C. television station in Saskatoon would commence on or before September 1 of this year, and in view of reports that such construction has been stalled at cabinet level, can the Prime Minister tell the house when construction of the station in Saskatoon will be commenced?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker—

Mr. Speaker: Order. I would suggest to the hon. member that that question should be put on the order paper.

Mr. Brand: It would take just as long to get an answer that way as it has taken the government to act on this matter and if I could get an answer from the Prime Minister now it would save a great deal of time for the people of my constituency.

[*Translation*]

METHOD OF DEALING WITH ALLEGED SEPARATIST ELEMENTS

[*Later:*]

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to put a question to the Prime Minister.

Does he intend to bring shortly before parliament a resolution designed to rid the C.B.C. of the separatist elements which spread confusion among true Canadians?

Is it the Prime Minister's intention to introduce such a resolution? When can we expect to discuss the matter of the C.B.C., which is imperative at present in Canada?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I appreciate the importance of this question but I am not able to deal with it on orders of the day.

CAPE BRETON DEVELOPMENT CORPORATION

INQUIRY AS TO APPOINTMENT OF PERSONNEL

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I would like to direct a question to the Prime Minister. Is he in a position today to advise the house of the names of those who will serve on the complement of the Cape Breton Development Corporation apart from those already announced?

Right Hon. L. B. Pearson (Prime Minister): Not at this moment, Mr. Speaker, but I hope to do so shortly.

Mr. Grafftey: What has the government been doing all summer?

Inquiries of the Ministry

NORTHERN AFFAIRS

ROADS TO RESOURCES—INQUIRY AS TO RESUMPTION OF PROGRAM

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Prime Minister. On several occasions during the past year and a half the Prime Minister informed me that the cabinet was studying the possibility of reinstituting the roads to resources program. Can the Prime Minister now say whether this important matter is still being considered and when a decision may be reached?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not in a position to make a statement on the matter today but I shall look into it right away.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a supplementary question for the Prime Minister. Can the Prime Minister tell us whether he has received any representations from the premier of Saskatchewan regarding the necessity of re-establishing the roads to resources program?

Mr. Speaker: Order, please. I wonder whether this is the type of question that can be asked at this time. If there is no urgency the hon. member might place the question on the order paper.

AGRICULTURE

P.F.A.A.—REQUEST FOR EARLY REPORTS BY INSPECTORS

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. Can he assure the house and the many interested farmers of western Canada that P.F.A.A. inspectors will be told to get their reports on the various crop failures in many districts filed as soon as possible so that farmers will receive assistance payments at an early date?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I can assure the hon. member that a very large number of P.F.A.A. inspectors have been appointed this year—

An hon. Member: Are they all Liberals?

Mr. Greene: —and have commenced their work. Many of them are relics of the 1957 to 1963 era.

[Mr. Grafftey.]

ADMINISTRATION OF JUSTICE

HAL BANKS—FEDERAL ASSISTANCE IN EXTRADITION PROCEEDINGS

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I wish to direct a question to the Prime Minister. What is the government doing in respect of its promise to assist in any extradition proceedings taken against Hal Banks?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this is a matter which is under the jurisdiction of the province of Ontario and, as I understand it, that province is asking for extradition in this matter.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I am not sure whether this should be a supplementary question or a repetition of the previous question because my question to the Prime Minister was, what is the government doing in respect of its promise to assist in any extradition proceedings taken against Hal Banks?

Mr. Pearson: We will be very glad to assist the province in this matter in the appropriate way.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, the Prime Minister has said that he will be very glad to give assistance. What assistance is he giving the provincial government, because no doubt the government is interested in getting Hal Banks back to serve his term in penitentiary?

Mr. Pearson: I do not know whether any assistance has been requested.

Mr. MacInnis (Cape Breton South): Mr. Speaker, since the Prime Minister and the government are inclined to leave this matter to the provincial authorities in Ontario, I wonder whether the Prime Minister takes exception to the remarks made by the defence counsel for Mr. Banks in New York to the effect that this proceeding is an effort to save face for the Canadian people and the Canadian parliament?

BROADCASTING

REQUEST FOR EARLY APPOINTMENT OF STANDING COMMITTEE

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, it had been my intention to direct this question to the Secretary of State. I do

not see her in the house at the moment, so possibly it might be taken as notice.

In view of the public concern at this time about the alleged shortage of Canadian content in broadcasting, would the Secretary of State arrange for an early meeting of the committee on broadcasting, films and assistance to the arts so this matter can be considered?

CRIMINAL CODE

INQUIRY AS TO AMENDMENT RESPECTING SOCIAL MATTERS

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is for the Minister of National Health and Welfare. Since there appears to be some confusion about when the government will be dealing with the subject of abortion, can the minister advise the house whether the government will refer to a standing committee of the house at an early date the two private members' bills and other views on this subject?

Right Hon. L. B. Pearson (Prime Minister): Would my hon. friend permit me to answer that question tomorrow? I think we will be discussing the matter in cabinet tomorrow morning.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the Prime Minister is answering that question would he indicate to the house at what point in this session we might be dealing with other social matters such as divorce, birth control and capital punishment?

Mr. Pearson: I think perhaps it would be more useful if the house leader would get in touch with the house leaders of the other parties in an effort to work out a timetable for this session within the limits of unpredictability.

HOUSE OF COMMONS

REQUEST FOR PRESENCE OF MINISTERS DURING QUESTION PERIOD

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, my question is for the Prime Minister. I should like to preface it by noting that seven or eight ministers who hold major portfolios are absent on this opening day. Would the Prime Minister make an effort to have his ministers here during this first week of the adjourned session so that they will be able to answer questions which have arisen during the recess?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have already indicated that all the ministers who are not here are away on important public business, with the exception of one who is ill. It would be of help if ministers could be given notice by members of any questions they wish to ask if they are indeed important ones.

INDIAN AFFAIRS

INQUIRY AS TO ESTABLISHMENT OF CLAIMS COMMISSION

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. Is he now in a position to inform the house when the long-awaited Indian claims commission will be set up?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, the situation in respect of the Indian claims commission is the same as it was when the house rose for the summer vacation. Representations are still being made to us by the Indians of British Columbia that it not be introduced until they have been given an opportunity to discuss the British Columbia land question. I have again advised them that we cannot wait much longer and that I expect we will have to introduce the bill at least by next spring.

Hon. R. A. Bell (Carleton): I have a supplementary question, Mr. Speaker. Will the minister be in a position to introduce the revised Indian Act at this session of parliament?

Mr. Laing: Mr. Speaker, this is a matter of priority. If the matters of first priority are dealt with quickly I think it is quite possible that the Indian Act could be dealt with. At the present time it is being discussed by my officials with representatives of the Indian Advisory Board of Canada.

Mr. Thomas (Middlesex West): Can the minister advise the house whether he would consider setting a deadline for the Indians of British Columbia to complete their representations so that the Indian claims commission could be set up?

Mr. Laing: Mr. Speaker, anything I have said to the Indians of British Columbia would make that quite possible.

Inquiries of the Ministry

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I have a supplementary question concerning the Indian Act. Does the minister intend to bring in the bill before the Christmas recess in view of statements made by the minister and the statement that the group of revolting Indians would not be able to kick their way out of a paper bag? I do not agree with this. If the bill to amend the Indian Act were brought in we might be able to eliminate some of these problems.

Mr. Speaker: Since the hon. member has referred to the Christmas recess, I think the question might be placed on the order paper.

Mr. Langlois (Mégantic): Ten o'clock.

Hon. W. G. Dinsdale (Brandon-Souris): Is it still the intention to have the committee visit the Indian reserves across the country?

Mr. Laing: That would be my hope. In addition I would hope that copies of the bill would be distributed to the Indian people for purposes of consultation and advice. I would hope that the committee would be reinstituted so that it can continue its work which I believe is full of promise.

[*Translation*]

EXTERNAL AFFAIRS

REACTION BY PRIME MINISTER TO VISIT BY GENERAL DE GAULLE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister with regard to the visit to Quebec of the president of the French republic, General de Gaulle.

I should like to ask him how he can reconcile the fact that according to the statement he our Prime Minister himself, made during General de Gaulle's visit to Quebec, all the provinces are free while, at the same time, being shocked when General de Gaulle shouted "long live free Quebec".

Can the Prime Minister tell us how he was unable to see the inconsistency contained in that statement and does he intend to apologize to General de Gaulle for being discourteous with him?

Mr. Speaker: Order. The hon. member for Broadview—

Mr. Grégoire: Can the hon. Prime Minister answer the question?

Mr. Speaker: The question is not in order.

Mr. Grégoire: Perhaps an answer is impossible.

[Mr. Laing.]

[*English*]

HOUSING

TORONTO—COMPENSATION IN URBAN REDEVELOPMENT PROJECT

On the orders of the day:

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the the Prime Minister in the absence of the Minister of Labour. Have the Minister of Labour and the officials of Central Mortgage and Housing Corporation approved the formula of compensation devised by the city of Toronto and approved by the provincial authorities for home owners whose homes were expropriated in what is known as the Donmount urban renewal area in Toronto?

Mr. Speaker: I suggest that the question should be placed on the order paper.

UNITED NATIONS

CANADIAN POSITION AS TO ADMISSION OF RED CHINA

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, I hope I do not totally exhaust the Prime Minister on this opening day.

In light of the government's activity last fall at the session of the United Nations and the remarks of the Secretary of State for External Affairs last night, can the Prime Minister inform the house whether the government will again press this fall for the seating of mainland China at the United Nations and take some definite action in that regard?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, our policy in that regard has not changed. As the minister indicated last night—by the way, he is not here at the moment because he is on his way to New York—our policy has not changed and we think it is important to have the voice of mainland China at the United Nations as quickly as possible. This does not seem to be a very good moment to repeat the initiative we took last autumn, without success, but that does not mean our policy has changed.

LABOUR CONDITIONS

REPORTED EXCLUSION OF MINERS FROM MANPOWER RETRAINING PROGRAM

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to direct a question to the

Minister of Manpower and Immigration. Will the minister inform the house whether early action can be anticipated to correct the situation whereby miners are excluded from the retraining and upgrading program that is available to all other workers in this country?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I should like to have more details on this question because I do not agree with the hon. member's general statement. If he has particular cases in mind I should like to look into them.

FISHERIES

INQUIRY AS TO ESTABLISHMENT OF FRESHWATER FISH MARKETING BOARD

On the orders of the day:

Mr. Eric Stefanson (Selkirk): Mr. Speaker, I have a question for the Minister of Trade and Commerce but in his absence I will direct it to the acting minister or the parliamentary secretary to the minister. In view of the present chaotic marketing situation for freshwater fish, does the minister now have specific plans for implementing the recommendations of the McIvor Commission to establish a freshwater fish marketing board?

Mr. Speaker: Order, please. I think this is a question of a very general nature and I doubt that it can be asked at this time.

MANPOWER AND IMMIGRATION COUNCIL

PROVISION FOR APPOINTMENT OF MEMBERS, ADVISORY BOARDS, ETC.

Hon. Jean Marchand (Minister of Manpower and Immigration) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the establishment of a Canada Manpower and Immigration Council, of advisory boards and of regional and local manpower committees; to provide also for the appointment of the members thereof, their remuneration, allowances and other expenses; and to provide further that all expenditures for the purpose of the act shall be paid out of moneys appropriated by parliament therefor.

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

[*Translation*]

Mr. Marchand: Mr. Chairman, the purpose of the bill proposed in the resolution is to reorganize the structure of the advisory councils that the Minister of Manpower and Immigration may consult.

At present, three advisory boards have been transferred from the Department of Labour to the Department of Manpower and Immigration. They are the National Advisory Council on Technical and Vocational Training, the National Advisory Committee on the Rehabilitation of Disabled persons and the National Employment Advisory Committee. Regional and local committees also advise regional and local offices of the National Employment Service.

Those organizations have rendered valuable services, but none of them has been able to meet the full requirements of my department and in some respects, their duties are not as clearly defined as they should be.

[*English*]

The purpose of the proposed legislation is to rationalize the structure so as to give me the best possible benefit of outside advice about all of the department's activities. The bill provides for one council charged with the responsibility of looking at the field of manpower and immigration as a whole. This will be supported by four specialized boards in the major program areas of adult occupational training, vocational rehabilitation, the adjustment of immigrants to Canada and research on manpower and immigration. The bill also provides for continuing regional and local manpower committees.

[*Translation*]

Mr. Régimbal: Mr. Chairman, far be it from me to underrate the importance of the present resolution; but I believe that, generally speaking, the opposition is surprised, to say the least, that it is the first item on the orders of the day when such ticklish problems as housing and the cost of living are our citizens' prime concern. We are still anxiously seeking what measures the government should introduce, and soon, to solve those problems efficiently.

With regard to the present resolution, we note that by creating advisory councils and regional and local committees for the manpower division, the hon. minister seems to further the application of a principle established by the national employment offices. These, had indeed been successful in interesting and involving local organizations such as the chambers of commerce, school boards, managers of the existing factories, municipal councils and so on in winter works projects, for example, and in manpower orientation.

Having personally taken part in the work of these committees in the Lachute region, in the county of Argenteuil-Deux Montagnes, I know that these committees can be very efficient, and it is to be hoped that we will be able to continue to rely on the initiative of managers and local authorities to provide real and not pretended service.

If that is the case, the Minister of Manpower and Immigration (Mr. Marchand) will have to be congratulated for this new initiative, as will also and especially the citizens who voluntarily lend their services to such enterprises without receiving full recognition for their contribution, without which no success would be possible.

On the other hand, there are some pitfalls to watch and that is surely what we will be looking for when the bill following this resolution is introduced.

First and most important is that the setting up of these various committees does not afford the minister an opportunity to avoid ministerial responsibility in the establishment of this policy on the plea that the whole thing is in the hands of committee members who will have to do their best and be responsible for the success or failure of their operations.

The main problem of the committees I have mentioned has precisely been the absence of direction and of overall planning in the alternatives to be offered. It is up to the minister, basically and exclusively, and to his departmental officials to constantly supervise the development and direction of these committees, and that is surely what we, on this side, will look for in the setting up of the principle and of the act.

Secondly, we have already emphasized on the introduction of the bill respecting the occupational training of adults, on page 15393 of *Hansard*, that lack of sufficient research not only among the local population to determine their tastes, their ambitions, their experiences, their willingness to move but also among industries and in new areas to determine their capacity to absorb these new elements.

What better example than that of Elliott Lake in the riding of the Prime Minister (Mr. Pearson), Algoma East, where there has been a drop of 60 per cent in the enrolment of retraining classes in an area affected by unemployment for a long time.

There again we strongly insist on sociological as well as demographic research to ensure a balanced, progressive and especially lasting development.

Thirdly, the present government has the reputation, not very enviable, of multiplying everywhere and in an alarming way operating costs and bureaucracy. This is another opportunity of swelling the expenses and the number of employees beyong measure. It is time as early as the resolution stage to provide for a close co-ordination with existing services. It would have seemed at least possible, on this particular point, to prevent the passing of a new legislation entailing a separate administration, a separate budget, an increase of jobs, staff and expenses.

The minister is not without knowing surely that he is blamed in several places for providing very comfortable, not to say luxurious, accommodations which look more like monuments than workshops for research and training.

There is also some displeasure among the civil servants because the tasks are not clearly defined and circumscribed. Both blames stress the dangers we have mentioned: excessive spending and increased bureaucracy.

[*English*]

Finally, Mr. Chairman, we will also be watching the degree of closely-knit consultation with provincial and municipal authorities which is essential in developing these boards and committees.

• (4:30 p.m.)

The need for this preoccupation was underlined very early in the fourth annual review of the Economic Council of Canada, and I suspect that this is not the last time that the report will be quoted. I quote the following from the last paragraph on page 2 of the report:

> In Canada there is not only the problem of achieving greater cohesion and consistency in the making and implementation of policy within a particular government but also a larger challenge than exists in most other countries to achieve such cohesion and consistency among the three levels of government. Similarly, decision-making in the private sector of the economy is widely decentralized. Yet, because of the extensive and intricate interrelationships of a modern industrial society, the achievement of a cohesive and consistent appraisal of a wide range of problems and questions of policy facing both governments and private groups becomes increasingly important.

A few lines farther on it reads as follows:

> Too frequently in the past, the economy has found itself in the midst of problems which could not be easily and quickly resolved once they emerged—education, shortages of skilled and professional manpower, business investment, public

construction and urban development offer striking illustrations—but which could have been anticipated through a more effective use of available information and prior study, or even averted through more timely and concerted public and private policies.

Constant, complete and early consultation is therefore essential among the three levels of government and the private sector if this new initiative or new approach is to be successful.

Therefore, with reference to this resolution the official opposition awaits the presentation of the bill and will seek out evidence of proper research, local involvement, ministerial responsibility, excessive costs, superfluous staff, and full consultation with every sector involved.

Mr. Orlikow: Mr. Chairman, we in this group welcome the resolution and the statement of the minister proposing to set up an advisory committee or committees to help him lay down policy in the fields of manpower and immigration. We welcome it because we have been proposing such a policy for a number of years, as have organizations such as the Canadian Labour Congress. We welcome it also because the minister certainly needs some advice and needs it very quickly. The fact is that the results we expected from the changes made in the manpower training program following the government's decision last year to abandon the technical and vocational training program and take over manpower training, which we predicted would lead to a very sharp reduction in the number of people being retrained, have come about.

I have some figures I wish to put on the record which are, to say the least, disturbing if not disastrous. These figures may surprise members of the house and the public in general but I am sure the minister knows them as well as I do. The situation is not only as bad as members of the opposition said months ago it would be, not only as bad as people working in the field for some of the cities and in the provincial departments of education said it would be; it is even worse.

A very good summary of the arguments for and against the changes which the minister introduced after a good deal of discussion is contained in two articles which appeared in the Toronto *Globe and Mail* on April 22 of this year. The first article summarizes the objections of the government of Ontario and its department of education. It was written by Barrie Zwicker. I will read a few of the points which Mr. Zwicker made:

> The key points in the new regulations exclude from allowances any person under 17 and any single person over 17 with fewer than three years of working experience. Before April, everyone was eligible.
>
> Among the persons who do not qualify are young dropouts (or graduates) who find in a year or two after leaving school that they have no marketable skill, childless widows who suddenly need to work . . .

Farther on he wrote the following about the minister:

> He wants to upgrade the nation's work force fast. But Ottawa is inexperienced at the education game and has been unwilling to listen to advice from the provinces.
>
> Another part lies in a liberal dose of what is described as bureaucratic arrogance by Ottawa, misunderstandings and some legislative bad luck.

At that time the Ottawa bureau of the *Globe and Mail* received answers from the department and from the minister which were published in an article that appeared on the same page. It was headed, "And Ottawa Points A Finger Right Back", and contained some of the defences and explanations. Part of it reads as follows:

> The change means that the federal government has taken on the full cost of training or retraining adults, leaving the provinces with the full cost of educating the young.
>
> The federal spokesman also said that newly arrived immigrants accorded landed immigrant status will be able to count their time spent in the labour force in their country of origin when applying for living allowances for job retraining here. This will place them in the same position as Canadian members of the labour force.
>
> The new regulations also make exceptions from the three-year rule for persons with dependents. Individuals who have been out of school for 12 months and have dependents will qualify for the training allowance.

Farther on it goes on to say:

> Federal officials explain that the reason for prohibiting school-age youths from qualifying is to prevent some from dropping out of school, collecting the training allowance and then returning to regular schooling.

I will not repeat what the minister and his parliamentary secretary have said already or what I said or what the hon. member for Burnaby-Coquitlam said, but let me point out that we have now had some months in which to see what has happened. I took the trouble to write to the city of Toronto over a month ago. We now have the record. It is a pretty bleak one and the minister will see the need for giving us an explanation almost immediately. Here it is. In the last year the number of people taking retraining

courses in the city of Toronto under the program now administered and paid for by the federal government has dropped disastrously. The figures are as follows: In February of 1967 the people who were taking training under programs 3, 4, 5 and 6 in the city of Toronto numbered 5,980. On March 31, 1967 the number of people taking training under these programs was 5,970. At the end of April the number was 5,440. By May 31, the number was 5,134. By June 30 the number had dropped to 4,526. By July 31 the number had dropped to 4,132, and by August 31 the number had dropped to 3,711. The number is down by 40 per cent. This is a disaster in a country which the Economic Council of Canada says needs to have a much more skilled work force.

These figures do not tell the whole story. They do not tell how serious the situation is. For example, amongst the 4,100 people in the city of Toronto who were taking training on July 31 of this year there were still a large number of people taking training who had registered and started their training before the new program took effect.

Let us look at the situation with regard to applications. In March, 1966 there were 1,235 applications in the city of Toronto. In March of this year there were 1,524 applications, an increase over last year. In April, 1966 there were 830 applications; in April of this year there were only 338 applications, a drop of more than 50 per cent. In May, 1966 there were 805 applications for training; in May of this year there was a slight increase, 971. In June, 1966—this is when the government's new program was beginning to bite and take effect—there were 830 applications in the city of Toronto; in June of this year there were 262. In July, 1966 there were 805 applications; in July of this year there was a grand total, Mr. Chairman, of 92. In August last year there were 995 applications; in August of this year there were 239. In September of last year there were 1,154 applications; in September this year there were 278 applications.

• (4:40 p.m.)

So, Mr. Chairman, the picture is clear. In the space of one year there has been in the city of Toronto, one of the two largest and most important employment and labour centres in Canada, a reduction of substantially more than 50 per cent in the number of applications. The government and the minister took on this job and told us they knew what they were doing, that the provinces were exaggerating their problems and difficulties. Yet here is the situation, and it is even worse than we predicted.

Is this true only of the city of Toronto, Mr. Chairman? No, it is not. I have been given to understand that the Vancouver city school board has virtually abandoned its English upgrading program because of the new policies and regulations which have been made under this program.

Let me refer for a moment to the situation in the city of Ottawa. In September, 1966 there were between 200 and 300 students who applied and registered for upgrading programs. These were people who were referred to the school in Ottawa by manpower officials in this city. Compared with the 200 to 300 who applied last year only 30 to 40 have applied this year. These are applications for upgrading programs involving study in grades seven, eight, nine and ten.

I said, Mr. Chairman, that I was not going to quote the minister, but during a debate some months ago he said that the new programs would permit people to take skill courses lasting up to one year. Although I have not been able to find the exact quotation, on one occasion his parliamentary secretary, the hon. member for Hamilton East, said that every Canadian who met the other qualifications would be eligible for one year's upgrading training and one year's skill training, or a maximum of two years of training.

I now understand—if I am wrong about this I should be glad to be corrected by the minister or his parliamentary secretary—that orders have gone out to the manpower counsellors to do their best to eliminate all students who want to take upgrading courses. I understand that the department has issued a directive to the effect that skill training which has been provided by the manpower department for the select few to whom I have already referred will be limited not to the one year program about which the minister talked but to a program lasting a maximum of 26 weeks.

As I have said on other occasions—and I do want to give credit where credit is due—the original program was begun under the former government by the then minister of labour, the hon. member for Ontario. It is a program under which the federal government has spent more than $600 million to help the provinces build technical and vocational training schools. In light of the annual reports that we have received from the Economic Council of Canada and in light of the

speeches which have been made across the country by the minister and his departmental officials about the importance of manpower training, it seems incredible to me that instead of expanding the program it is being curtailed. Indeed, Mr. Chairman, I think it is fair to say that the program is being strangled.

It seems to me that perhaps this new Advisory council will be able to provide some of the answers that we have not been able to get from the minister. We need to know whether the government has decided that the recommendations made by the Economic Council with regard to the retraining program and the upgrading of skills in the labour force of Canada are unacceptable and it is therefore cutting back, whether the minister now finds that the government does not have the money to pay for the large number of Canadian workers who are willing to take courses to upgrade their skills, or whether what we have is a bureaucratic morass under which the job simply cannot be done.

My colleague from Greenwood will be discussing the question of immigrants so I am not going into detail on the problem of immigration. However, I should like to repeat what I have said on other occasions. We in this party believe in an aggressive immigration policy. The party to which I belong agrees with a policy which brings more immigrants to this country every year who speak other than English or French. We have been following a policy of encouraging the coming to Canada of more people from Italy, Portugal and Greece each year, and I approve of that policy.

In light of all the advices given us to the effect that a working force which is not well trained will be unable to do the jobs required of it in coming years, surely we should be expanding our training facilities for new immigrants who wish to learn English. If I may refer to the situation in Toronto specifically, the Toronto board of education has a program called "Special English For New Canadians", but it is obvious that rather than expanding the program we are killing it.

Let me close by putting on the record some figures relative to what is happening. In February of this year there were 2,300 people taking the course, "Special English For New Canadians", which is held in Toronto. In March there were 2,290 people taking the course, in April 2,270, in May 2,060, in June 1,700, in July 1,479, and in August there were only 1,137 people taking the course.

Surely, Mr. Chairman, the minister and his departmental officials will agree that if we are to encourage people whose native tongue is not English to come to Canada it is elementary that every single one of them should be persuaded to attend either day school or night school to learn English, or to learn French if they are living in the province of Quebec, and to learn the language as quickly as possible.

• (4:50 p.m.)

The figures I have given for Toronto could be duplicated for Montreal, Ottawa or Vancouver and show precisely the same situation.

Before I sit down may I say that since provincial departments of education have not been able to obtain the answers to these questions which are of utmost importance to the people of Canada and to the manpower needs of this country in the years to come, the advisory committees which the minister proposes to appoint should be enabled to obtain those answers which this country deserves to have.

[*Translation*]

Mr. Laprise: Mr. Chairman, my remarks will be very brief at this time; as the bill is not available and the government policy is not clearly known yet, it is rather difficult at this point to dwell at length on the matter.

In any case, it seems to me that this bill is concerned mainly with the manpower problem in Canada, rather than immigration, although in my estimation both are rather closely related.

I think that a Canadian manpower council should be set up, as this is a relatively new area of concern for the Canadian government, and this is due, I think, to the technological explosion occurring not only in this country but throughout the world.

I think that if the council is asked to advise the government instead of being told by the latter what recommendations to make, it would be more effective because the government seems, by itself, unable to find the proper means of meeting the requirements of manpower relocation arising from the technical development of our industries.

And here I should like to urge the minister to invite the industry to participate as closely as possible in the manpower training program, not only by providing advice or facilities, but from a financial point of view. I think that industries, especially major industries, should have funds available for such a

contingency in order to improve their production techniques.

Then, the burden of manpower development, which we must foresee, would not fall upon the Canadian taxpayer alone, but also on the big financiers, the capitalists who have also some responsibilities in the field of technological change.

So, Mr. Chairman, these are the comments I wished to make at this stage of the resolution. When the bill comes before us, we shall have a better understanding of what the government expects from this Canadian manpower and immigration council. I believe also, as I said before, that immigration is closely related to the manpower problem and that, therefore, the yearly influx of immigrants should be geared to our manpower needs.

I know that some people claim it is more economical to import skilled workers than to train them in Canada. Personally, I do not share this view. I think we must develop educational facilities in our own country so that we may find among our own countrymen the specialists needed by our industries to develop your country and to provide all consumers with the production and the finished products that we need.

Therefore, I think that we must be careful. The flow of immigration should be put under control when especially nowadays our unemployment rate is still too high. It should even be restricted to the fields were manpower is really needed where we cannot train rapidly enough skilled workers required by our industries.

When the bill is before us, we will be in a better position to discuss more clearly the aims of the government.

[*English*]

Mr. Johnston: Mr. Chairman, I will not speak at great length this afternoon on this resolution. The proposed manpower and immigration council may be most worth while and could operate on several levels. This is especially true of the advisory boards and the regional and local manpower committees.

In looking at this measure one suspects the possibility of another vast proliferation of civil servants. I hope that the functions performed by what I hope will be a limited number of such people will be worth while.

I expect that other members who have dealt with immigration problems have found, as I have, that they are interminable. Situations do not change. I hope that the recently announced regulations and the points system will improve that part of the immigration procedure. I hope that the council will have time and authority to look into immigration questions on a fairly broad basis. I think we are adopting a somewhat selfish policy when we take the cream from other countries in the world in the form of the best people they have to offer. We carry on a somewhat sanctimonious external aid program to countries that we are busily engaged in robbing of the very people they most need. What we imagine we are generously doing with the one hand, we undo with the other.

Perhaps the council might determine why in certain occupational areas we are so terribly short of Canadians to do certain jobs. As an example I mention teaching. In the province from which I come we obtain half the necessary teachers each year from outside the province, many of them coming from outside the country completely. At this time of year when school boards publish their acquisitions of new staff, one reads with amazement that people have come from Scotland, England, Ireland, Australia, the Philippines, India, Pakistan—indeed, from all over the world. People such as these who are coming to British Columbia and other parts of Canada I am sure are desperately needed in their own countries.

We obtain many of our skilled people from the British Isles, mainly because there is an inflow into the British Isles from the West Indies, Pakistan and India of others with similar qualifications. The outflow from Britain comes here. That has continued for some time and I do not know whether it is wisest or best for Canada or for the other countries that are losing their educated people to allow it to continue. The council might look at that aspect.

I hope that the local committees will have power to recommend on matters touching immigration for agricultural purposes. We must remember the needs of this important industry and be prepared to see people spend some years in agricultural work and then move to other occupations. That sort of policy would be wiser than a policy under which people are brought in almost as indentured labourers and sent home at the end of the season. Such a policy has never worked in any part of the world where it has been applied.

• (5:00 p.m.)

A local manpower committee would be able to assess the situation in the local area, and this applies particularly to agricultural

areas. There may be a real possibility of bringing in people who are not the best educated and are not those most desperately needed back home. In this way we could possibly repair some of the damage done to countries which need the trained and expert people we so gladly receive in our own land.

As a young and developing nation we must, I feel, pursue an open immigration policy but I hope that through the wisdom of the council and the advisory boards it will be a just policy and one which will show consideration for the needs of the rest of the world as well as for our own immediate needs.

Mr. Bell (Carleton): Mr. Chairman, this resolution could be mere windowdressing, a hollow façade, or it could represent a move toward a constructive and intelligent community involvement in the significant work of the Department of Manpower and Immigration at the national, regional and local levels. The minister's brief and relatively uninformative statement this afternoon certainly gave us no indication which of these alternatives is likely to result from the resolution before us. Consequently it seems to me we must defer judgment and await the bill itself for a more elaborate explanation of its purpose before reaching a final conclusion.

I wish to make only two comments at this stage. The first is that the more community involvement there can be in government procedures at this level, the better it will be for government and the better it will be for manpower policy generally. We are in the days of big government—I fear this is inevitable—and it is more than ever important to get at local and regional levels a genuine committee involvement of dedicated persons who are prepared to give their time and energy in helping to formulate policy. This is important even at the staffing level.

One of the results of the creation of the new Canada manpower centres has been grave dissatisfaction on the part of the staff in some of these offices. I hope the minister will do something soon to remove the discrimination which exists as a result of the policies of his department and the policies of the Public Service Commission. I say to him this afternoon as we resume this session of parliament that unless decisive action is taken to remove discrimination against public servants in various offices of the manpower centres across the country he will have a tough time before the session ends.

With respect to the minister's observations about the local committees being involved in the adjustment of immigrants to Canada, I think the minister would agree with me that we have not done as much as we ought to have done in this connection nor has there been sufficient co-ordination at the provincial and municipal levels. I hope that settlement policies will in future be co-ordinated more closely than has been the case at any time in the past. I, for one, will be looking forward to what I hope will be constructive results from these local committees which are to deal, in the words the minister used, with the adjustment of immigrants to Canada.

The second point I should like to make is that I am concerned lest under this proposal for a Canada manpower and immigration council, immigration policy may become subordinate or subservient to manpower policy. This, the minister may remember, is precisely the fear I expressed at the time the reorganization bill was under discussion in the house when the Department of Manpower and Immigration was created—a fear lest immigration policy might become at all times conditioned exclusively to what might be the economic circumstances or the economic whims within this country during a particular period.

This committee and the house have listened frequently to my contention that immigration is a stimulus to the economy, that it is a genuine stimulus in a period of economic recession just as it is in a period of economic growth. I reject completely any tap on, tap off policy or any attempt to relate long-range immigration objectives to immediate changes in our economic climate. So the warning I give this afternoon as the minister introduces his resolution is clear and definitive. I hope he will give us his assurance, and I hope the council will remember, that it is not the intention of this house that immigration policy shall be merely subservient to manpower policy and that we should only bring in immigrants when there are precise places available for their employment.

I disagree with the view expressed a short time ago by the hon. member for Chapleau. I believe it is a shortsighted view, one which will not permit this country to grow as rapidly as it ought. We need to set targets and objectives for immigration and go forward to meet those goals in the belief that the very bringing in of immigrants in maximum numbers will provide employment for more people in this country by providing an important stimulus.

That is my confession of faith in relation to immigration. I hope the bringing together of manpower and immigration questions under this council will in no way make immigration policy subservient or subordinate to manpower policy.

Mr. McCleave: Mr. Chairman, when the house was last meeting in July I had laryngitis and was unable to make my views heard. I do not suppose anything I have to say this afternoon will make the minister wish this condition had continued as a permanent affliction; nevertheless, there are some mild criticisms I should like to make and some reservations I should like to express, at least until we have the bill before us.

Here is a minister who spends over $300 million; he is the sixth ranking spender in the government heirarchy. Some of us have doubts about whether a young fellow, or at least one so young in parliamentary ways, should have so much spending money. I can tell him, however, that he has come here with a tremendous fund of good will on all sides, not only on the government side of the house, and we wish him well in his attempts to formulate new and important manpower policies in this technological age.

• (5:10 p.m.)

If we had any doubts they began with a bill that he brought before us in the spring. He had to introduce amendments to more than half its clauses, which gave a rather raffish air to the whole proceedings and at least suggested the legislation he presented has not really been thought out. However, since he is not a lawyer I will blame that shortcoming not on him but on his colleagues in government who should know better.

What has his policy accomplished to date? In an article in the *Monetary Times* of June, 1967, its Ottawa correspondent, Gordon Pape, had this to say, and I quote from page 31:

> Ask a Manpower official what's been achieved since the department came into *de facto* existence in January, 1966 (although things weren't made official until October), and he'll mention such things as a smoother seasonal farm program, slightly improved service in the Canada Manpower Centres (formerly National Employment Service offices)—

Mr. Munro: Would the hon. member please repeat the name of that magazine and the date of issue?

Mr. McCleave: Yes, certainly. The article was in the *Monetary Times* of June, 1967,

[Mr. Bell (Carleton).]

and what I am quoting is found on page 31. I continue the quotation:

> —and aid to the economically-stricken residents of Newfoundland's Belle Isle. But impact on the Country as a whole? Virtually nil.
>
> To those who wanted instant action, it's a pretty poor show for a department that's due to spend almost $313,000,000 of the taxpayers' money during the current fiscal year—a figure that's exceeded by only five other ministries.

Our problem, sir, is the effective use of manpower in Canada or of manpower that is going to be attracted to this country. To the extent that the minister is able to make effective use of that manpower, to use it to increase our productivity and make us economically more healthy, he will have achieved the purposes of his policies.

One thing that pleases me in the setting up of this manpower council and immigration council is the fact that what used to be conflicting sides of the problem are in effect being melded. I have said "conflicting sides," and to make my point very quickly and perhaps very forcefully I point out that the Organization for Economic Co-operation and Development observed last year:

> There is evidence that many Canadian employers have tended to neglect on-the-job training partly because they are accustomed to a large inflow of skill through immigration.

If the manpower and immigration council and the department live up to their responsibilities we hope that this shortcoming on the Canadian scene will be corrected.

I hope the council will have the power to provide a better welcome to those entering Canada as immigrants. I will look anxiously at the bill to see if the council has such power. I represent an area which is a port of entry for a large number of immigrants to Canada. I have heard complaints about the rosy heaven promised to these immigrants in other lands and the drab, gray, austere sort of welcome they receive, the barest opening of a door to let them into a grim and dingy shed where they may have to spend hours or days before going on somewhere else. That is the welcome given them by this country, and this is particularly true of Italian immigrants to Canada.

I would hope that the manpower and immigration council, together with the minister and his officials, would do something about that situation which results in Canada and my area in particular being given a very poor name. We have good hotels in Halifax and immigrants could be accommodated in them. They should not have to linger and

loiter in and around immigration sheds until transportation is available to take them somewhere else. I note that one of the purposes which the minister mentioned is the adjustment of immigrants to Canada. I suggest that adjustment should start with a great, all-embracing welcome in happy surroundings at the moment they first set foot on the soil of this country.

What are the objectives of the minister and his department? I have read some of the addresses delivered by the minister and I think the philosophy he expresses can best be found in a speech titled "Careers In Canada—Today and Tomorrow" which he delivered at the opening of Careers Expo '67 at Peterborough, Ontario, on April 18 last.

The first point he mentioned in that speech in developing his concept of the new Department of Manpower and Immigration was:

> —leave the field of basic education and turn our attention to the occupational training of adults.

He included some riders with respect to government policy dealing with help at that level of education, but by and large the philosophy is to get out of the field of basic education and concentrate on occupational training of adults.

The weakness, if there is one, concerns a segment of our people most conspicuously represented by the hippies of Yorkville and of other parts of Canada, who have not really taken basic education and have no desire to take occupational training either. Since the hippie problem continues to grow I think the new manpower council might want to make some suggestions to the minister as to how one can utter the word "work" to a hippy without causing him to faint or to reach for a double dose of L.S.D.

The second point which the minister made in his Peterborough speech, dealing with his basic philosophy, was the new program to encourage manpower mobility. I make no comment on that as it is quite fitting in the world of rapid transport today.

His third point dealt with this development:

> —a manpower consultative service which helps industry work out manpower problems caused by changing technology, automation and other modern industrial facts of life.

The fourth cornerstone of his philosophy and program he stated as follows:

> —there is much that can be done to encourage that part of the immigration process that will contribute most effectively to our economic growth.

In fairness to the minister I should say that he did not leave out of his philosophy certain of the social aspects as well as the economic aspects of immigration into this country, but I think I have quoted him fairly as to his basic philosophy in setting up this department.

Sir, not having seen the bill I can only guess where its weaknesses may be, but I think there are three areas of possible criticism. This council seems to be so broadly conceived that it could almost be a substitute minister in suggesting policies that would cover the universal operations of his department. I do not know what he has in mind for the ladies and gentlemen who will man the council, how strong their personalities will be, and whether they will be confined to one side or the other of industry. I presume he will bring both management and labour into the picture but I hope that whatever he comes up with he will not let the council become the tail that wags the dog.

The second area of criticism arises from a point made by Jean-Real Cardin, director of the Industrial Relations Department at Laval University, who reported to the Economic Council of Canada in March as follows:

• (5:20 p.m.)

> Efforts to develop a truly effective manpower policy have been unsuccessful up to now and may well be futile in the future unless: employers and workers become better informed on the real issue; the scope of collective bargaining is greatly broadened; major changes are made in labour legislation; and there is a real change of attitudes, power structures and organization both in labour and management.

I think it is valid to mention those points here and also to note that the objectives the minister has for the Canada manpower and immigration council, it seems to me, do not go to the root of the problems that are mentioned by Monsieur Cardin.

I should like to make a third point but before I do so perhaps I might note the presence of the hon. member for Russell in the chair. I believe this is the first time he has honoured us as our chairman by his presence in his new uniform. I am glad to see that it fits so snugly. He seems to have had a good summer and I hope the salary is commensurate with the splendour of his garb.

Finally, my third suggestion to the minister in respect of his proposed council is: Let it be advisory, yes, but do not let it be an excuse for not fully developing manpower policies that will achieve the maximum good for Canada with economies which, at least to outside observers, are not apparent now.

Mr. O'Keefe: Mr. Chairman, possibly it is because of my hon. friend's laryngitis but I am not sure whether I heard him correctly. I thought he said that the effect of the manpower program on Bell Island in Newfoundland was almost nil. May I point out that nearly 2,000 people have been moved from Bell Island to places where they can obtain employment. The cost of this project was half a million dollars.

Mr. McCleave: The hon. member must have laryngitis of the ear because had he heard me correctly he would have known that I had praise for that program and no denigration of it whatever.

Mr. Brewin: Mr. Chairman, I should like to reiterate our general approval of the resolution and the proposal to create this particular council dealing with the problems of manpower and immigration. Indeed, it seems to us it is absolutely essential that in the administration of these two highly important subjects we have a council composed of the widest possible representation of knowledgeable people in Canada. We certainly believe that this council, composed I hope of people of a very high calibre, has a very valuable function to perform.

I should like to underline the point already made by the hon. member for Winnipeg North in respect of the personal tragedies and the grave economic loss involved in the lack of proper planning with regard to manpower policies as indicated by the legislation that was introduced and passed by this house in April. I should like to give some details to supplement what has been said already by my friend, the hon. member for Winnipeg North.

In the *Globe and Mail* of July 21 Mr. A. W. Fair, who is the co-ordinator of the program of the board of education for immigrants and for adult training, said:

> Toronto's adult retraining program will dwindle to an enrolment of a few hundred by Christmas, barring changes in the regulations governing it, the Toronto co-ordinator predicted yesterday.

The same press story in the *Globe and Mail* concluded with these words:

> The immigrants who were taking classes now are swamping the society's office looking for any kind of work. "They are discouraged. But they won't ask for welfare because of their pride. On humanitarian grounds alone, somebody's got to do something," he said.

He was referring to the situation created by the recent regulations which, as the hon. member for Winnipeg North pointed out, cut down substantially the number of those who can take retraining because of the particular qualifications required.

I have in front of me an article which appeared in the Ottawa *Journal* of July 15. I should like to read one paragraph:

> But now, not quite four months after introduction of the legislation, widespread discontent with the program is voiced by many Ontario educators. Comments on the program implementation range from "a potentially serious problem" to "a national scandal."

In the Toronto *Star*—I do not have the exact date but it was in the month of July—a long article appeared under the heading "Retraining Denied, Italian Immigrants Would Leave Canada". The first paragraph of the article reads as follows:

> Scores of Italian immigrants are considering leaving Canada because tough federal restrictions have cut them off from retraining funds, the administrator of the Italian Immigrant Aid Society said today.
>
> "Some of the newcomers who come to us are just walking around the streets," said Mrs. Isa Scotti. "They are in despair."

Farther down in the same story we find the following:

> The federal government's new regulations have already resulted in the closing of one adult retraining centre in Metro and two more will shut their doors Sept. 21 because of the lack of applicants. A. W. Fair, co-ordinator of manpower training for the Toronto Board of Education, said the number of trainees now enrolled in courses in Metro is about 4,000—a drop of more than 2,000 since the new rules came into force.

My friend, the hon. member for Winnipeg North, pointed out how the number has dropped even farther. The article continues:

> Forty teachers already have lost their jobs because of the decrease in students and another 70 will be let go before Christmas.

I should like to call the minister's attention to this sentence in the story:

> Provincial education officials met with Manpower Minister Jean Marchand on Tuesday to seek relief from the new federal government regulations, which went into effect April 1.
>
> At this week's meeting, Marchand denied—

He speaks rather familiarly of the minister.

> —immediate aid, but provincial officials came away optimistic that federal assistance would be forthcoming in a few months.

The result of this is well set out in an editorial in the *Globe and Mail* of July 24 under the heading, "A Rule That May Ruin A Good Program", in which the following is pointed out:

> There are few sounder investments in the nation's future than government spending on retraining

programs. As the dropouts and unemployed re-enter the labour force with their new abilities, they provide a quick return on the taxpayer's dollar.

While there is agreement on this principle at all levels of government thousands of workers are already suffering directly (and all Canadians will suffer indirectly) because of a demarcation dispute between Ottawa and the provinces.

With its new adult training program, the federal government has sought to create a wide buffer zone between school education—a provincial responsibility—and the retraining of genuine dropouts from the school system.

It goes on to point out the following:

To qualify for federal subsistence allowances (from $35 to $90 a week) during retraining, an applicant must either have dependents or have been working or seeking work for the past three years.

• (5:30 p.m.)

The article goes on to point out that these new requirements were based upon a desire to deal with the loophole which allowed some teenagers to quit school and return to classes a few days later and apply for retraining. The article continues:

Ontario government officials said that about 7,000 persons stood to lose the living allowances that they were receiving during training.

Then it goes on:

Many of these reluctant dropouts are immigrants who have been picking up the basic English and the technical skills that would make them productive members of the community. Without the allowances, many single persons simply cannot afford to support themselves while going to day school.

The federal government has a particular responsibility toward the immigrants to whom it is now denying retraining opportunities. Immigration is a federal prerogative and Mr. Marchand and his colleagues have a clear duty to help the people they have brought into Canada until they are in a position to look after themselves.

I repeat to the minister that if this policy is based upon some so-called constitutional rule or argument that the federal government does not have responsibility in this field, he should get some better constitutional advisers because there is no question in the world that it is a constitutional responsibility of the federal government to assist in the retraining of immigrants. Indeed, it runs totally contrary to the whole theory behind the immigration policy which the minister has eloquently advanced from time to time, namely, that immigration is an economic necessity and that to meet it we are seeking people with skills who can make contributions to this country.

It does not make any sense, when we should be seeking to retrain and teach English to immigrants in our big cities—I have mentioned Toronto because I am more familiar with that city but it is only an example—if the courses are discontinued because this government does not accept responsibility in that particular field. I read one further paragraph from the editorial in the *Globe and Mail*:

In its second annual report, the Economic Council of Canada stated with great emphasis that a lack of skilled manpower was one of the major obstacles to be overcome in achieving a satisfactory rate of economic growth. Yet the new regulations have already succeeded in turning away thousands who are anxious to acquire new skills.

I plead with the minister to reconsider this matter because, as I said before, it not only affects the individuals who are denied the opportunity and are thereby perhaps thrown into unemployment and despair in the new country to which they have come but it represents a loss to our whole economy. It is in absolute contradiction to what I thought to be on the whole a very enlightened policy enunciated by the minister in regard to immigration to this country.

I do not believe for a moment that these sort of regulations would ever have been adopted had there been in existence strong advisory committees and a manpower council that could have told the minister ahead of time what would happen. I am sure it was not the minister's intention to destroy this excellent program but he has partially succeeded in doing so by reason of a lack of adequate advice. I believe this council will be very helpful in that regard.

I should now like to turn from the question of manpower to immigration generally. Many of us observed with very great interest the recently announced changes in the regulations, the points system, and so on. How these will work out will be seen in the course of time. I think this is a very genuine effort to give a more specific content to the rules for admission and as such it is to be commended and welcomed. But I say to the minister that this is only a small part of the problem. There is the whole question of the revision of the act itself. There is the whole question of how security procedures are denying us, contrary to the advice of many of the most loyal ethnic groups of this country, the ability to bring from the countries of eastern Europe skilled and loyal people who will make a real contribution to this country. That matter has not been dealt with.

I believe this immigration council will soon be able to provide or suggest the machinery whereby this obstacle can be overcome so that we will be able to bring from countries such as Poland, Rumania and Czechoslovakia people that we need in this country, people about whose loyalty we would not have the slightest need to worry. A great deal of the future usefulness of this council depends, of course, upon the type of persons appointed to it. I hope the bill will ensure that we will have on the council people with the broadest experience. Those of us who were members of the special parliamentary committee on immigration know the wisdom and experience that were available to us from those who had themselves been immigrants and were active members of various ethnic organizations, from social workers in the Canadian Welfare Council to organizations such as the Canadian Labour Congress and the Canadian Manufacturers' Association. I mention those organizations for the sake of achieving a balance. If groups such as these are represented on the council they will bring a wealth of information and advice to that body which will greatly assist us in achieving an intelligent immigration policy.

I conclude by saying that no matter how many councils we appoint and how effectively they do their job, this will not absolve parliament from its responsibility in this connection. I am not talking just about the department, because the minister is responsible for the administration of the department. I say that parliament will continue to have a responsibility for the careful surveillance of both these highly important fields, manpower and immigration.

One of the hon. members who spoke—I am not quite certain who it was—said that when the council was appointed we would perhaps not have to worry as much in this house about these problems. He said we would not have to worry so much about would-be immigrants and other problems of this sort. I think the hon. member is quite wrong. I believe it will continue to be necessary for members of this house, particularly those who come from industrial ridings in which most of the immigrants live, to continue to take an active interest in these matters. I believe there should be continuing activity by a parliamentary committee in reviewing the regulations from time to time and acting as a sort of corporate ombudsman.

I know there are many people on the government side of the house as well as on the opposition side who are experienced and capable of constructive criticism of the administration of the act and the rules and regulations that exist, which by no means have reached perfection although I believe we are going forward in this respect. I do not think the existence of this council will in any way absolve us of the responsibility of maintaining an active parliamentary committee to deal with this matter.

With those observations, Mr. Chairman, and saying that I believe progress is being made in this field, I repeat that we in this party will support this legislation. We hope it will be successful and we look forward to the appointment of members of the council who will make that body independent and widely representative of all groups concerned with this question. We hope that independent, qualified people will be appointed to the council, which will be of real assistance in the better administration of the important subjects of manpower and immigration.

Mr. MacDonald (Prince): Mr. Chairman, like many of the other speakers today I shall not spend a great deal of time dealing with the resolution inasmuch as the information that we have on the nature and functions of this advisory board and its related committees is not very great. Yet I appreciate the opportunity, as have other hon. members who have spoken, to speak specifically to the information that is before us and relate it to some of the activities that have already taken place with regard to the developing responsibilities of the Department of Manpower and Immigration.

When we review the resolution as it is defined and the very short remarks of the minister we have something that seems imaginative in concept or, if not imaginative, at least necessary. But somehow we are tempted to suspect that it will be somewhat futile in its execution. The idea of councils being established to supply advice to various government departments is indeed most commendable. Certainly when one thinks about this government one has to agree that it is in great need of as much good advice as it can obtain.

Some hon. Members: Hear, hear.

Mr. MacDonald (Prince): However, whether the instruments that are defined here will do the trick for this department remains to be seen. I for one have not been greatly encouraged by the activities, as I have been able to observe them over the past few

months, of the department in this field. I wonder whether, in spite of the fact that many such advisory groups might be created by the department, the department will indeed be willing to listen and listen closely to the advice that is brought forward.

I for one have been greatly disturbed by the way in which a number of local situations have developed. In many cases we have to refer to our own experience. The newly created manpower offices seem unable at times to grasp the realities in local situations. They seem unwilling to recognize what are indeed the real interests in these matters and they seem incapable of dealing with them in a way in which such problems could be effectively resolved.

• (5:40 p.m.)

In the past few years we have had an increasingly effective program in Prince Edward Island to assist people seeking to have themselves retrained either for new vocations or to improve the particular skills used in their present employment. Indeed, I can speak from very personal experience when I say that the previous program which was abandoned to a degree this year did a great deal this past spring for many of the rural residents of Prince Edward Island. However, we are discovering now that with greater activity on the part of the department of manpower there is a greater unreality or a movement away from the prospects for which we had hoped with regard to the gradual decrease of a hard core of continuing unemployment and sometimes seasonal unemployment. What this means in fact is that to date at least the department of manpower seems not to be listening more to what is happening in various regional situations but is listening less. If we are simply creating national boards and agencies that will do nothing more than provide a rubberstamp for the present direction of manpower policies and activities, we are certainly not going to improve the situation which currently exists.

It has struck me as well that apart from the very poor communications which have been established with the local communities concerning needs and possibilities there is a similar breakdown in communications with the various provinces. This afternoon facts and figures have been quoted which would indicate that as a result of this breakdown in communications the possibilities of activity which these offices might exercise have been greatly diminished. I hope that later in this debate the minister may be able to supply us with answers to such questions and will be able to explain why it is that instead of improved communications, instead of expanded opportunities, instead of greater hope for people who have lived for years with conditions of lingering poverty and dangerously high unemployment rates, we have in fact moved away from some very good results that were being achieved during the last few years. It seems to me that if committees and councils are to be established there must be a very firm indication that they will be in close touch with local communities and with the leaders in local communities who are in contact with the realities of the situation and that the closest possible liaison will be maintained with provincial governments and departments. My experience leads me to believe that to date this has not taken place.

Furthermore, I think we would be anxious to learn from the minister who are the people who will be appointed to the various councils dealing with adult training, vocational rehabilitation and the adjustment of immigrants to Canada. We must be very sure that we do not simply supply a number of loyal party supporters with the opportunity to be remunerated for their past good work but that we will make available to the department people with genuine expertise and experience who have something to contribute not only at the national level but also in the local areas, in provinces, regions and local communities. We would also like to know how much will be required of these people so that genuine thought can be given to the choice of the very best people to fill these positions.

I have also been concerned a little—I hope this will also be clarified as we proceed with this debate—whether or not most of this advice will simply be directed to what might be termed the head office in Ottawa or whether there will be established strong communication links and responsibility for decisions at local levels. The minister has indicated to the house that there will be a move away, in terms of some of the responsibilities of this department, from complete centralization. In other words, he said there will be a decentralization of many of the decision-making processes which will be necessary to make these programs effective. I hope that such will also be the case with the advisory committees operating at local levels and that they will not have to see their advice pertaining to local situations move all the way up the chain of command and communication to some omnipotent figure on the national scene who will decide in his

great wisdom and from a great distance whether or not these recommendations are appropriate to small communities wherever they exist across the land.

Finally, I should like to echo the sentiments of the hon. member for Carleton that in all of this program the government will in fact allow for a great deal more community development by people who are dedicated and who will give the time and energy necessary to make these programs really effective. The dangers of bureaucracy are such—perhaps this need not be repeated—that there is a growing tendency to take away from people in a host of different ways a sense of responsibility and participation. It is important and fundamental in some areas related to vocational and occupational retraining and to matters that are closely related to livelihood and education that people be allowed the largest measure possible of self determination. I have not been happy with instances of bureaucratic interference which to me have seemed unwarranted and unnecessary in giving people a chance to control and to improve their own destiny. The minister will have a further opportunity when he speaks on second reading of the bill to clarify how many of the fears that have grown out of real situations may be alloyed through the setting up of these advisory councils.

Mr. Dinsdale: Mr. Chairman, there is no doubt after listening to the discussion this afternoon on this resolution that the manpower department is facing serious difficulties in the implementation of its program. I do not intend at this stage of the discussion and at this late hour in the afternoon to enlarge upon the points that have already been made. We can draw the conclusion from the remarks that have already been made in the house that one of the reasons for the difficulty facing the manpower department arises from its failure to consult adequately first of all at the local community level and, second, to ensure the means for intergovernmental consultation, particularly between the federal and the provincial governments.

It would appear to me from the resolution we are discussing this afternoon that this is an attempt on the part of the minister and the government to close the gap which has become painfully obvious in recent months and has been pointed out by several speakers earlier in the debate this afternoon. At the time that the amendments were made last April I remember taking part in the discussion and pointing out to the minister that it was going to be extremely difficult for the provinces in particular to cope with the terms of the new legislation in time to meet the demands of enrolment for the new sessions at the vocational schools. I was aware that in the province of Manitoba, where they had very ambitious retraining programs under way and new schools were recently opened, there was a complete lack of communication between their officials and the officials at Ottawa over what exactly would be possible under the terms of the new legislation. In practice this has quite definitely proven to be the case.

• (5:50 p.m.)

I am not going to read from editorials, letters to the editor, or any newspaper comments on the subject because this fact was brought home to me quite forcibly as a result of personal exposure to the problem during the past few weeks in my home city of Brandon. We have there a new and elaborate vocational training school which completed its first full year's operation very successfully last year. I know from personal contact with my constituents and also from visits to the school that they are not going to be able to carry out this year the same kind of program that was carried out last year. For one thing their enrolment is going to be down. I have been besieged and beset by potential enrolees who anticipated enrolling on the same basis as last year and arrived at the school to take the program only to discover that the terms of reference, the regulations, the rules of the game, had been changed half way through. If there had been adequate consultation in connection with the new legislation I am sure that many misunderstandings would have been avoided.

Looking at the resolution it seems to me that this legislation is not going to bridge the gap that has occurred with reference to intergovernmental consultation. I know there is internal machinery to which it is possible to resort other than advisory councils of this nature, but I would point out to the minister that the expressions of dissatisfaction and unhappiness that have already arisen early in the new educational retraining year will increase in intensity unless very urgent attempts are made to resolve the difficulty of lack of communication between the federal and provincial authorities.

Most of this lack of communication arises as a result of the elimination of the Part V program under which it was possible even for the school authorities to deal directly

with and process potential candidates for the program. Now, of course, this is not possible. More bureaucracy is involved, and I think the question can be resolved only if the problem of communication is dealt with on an urgent basis.

Second, Mr. Chairman, in regard to the question of setting up advisory councils and committees and so forth, I think there has been a gap in communication between the vocational and technical schools, the manpower program and the actual businesses operating in the different communities. This has resulted in a situation where there has actually been a shortage of manpower which has been created by the failure of the manpower offices to anticipate the actual work situation in a particular community. We have found workers returning to school for retraining or upgrading, for the acquisition of new skills and so forth, at a time when they are urgently needed in the labour market as it exists at that particular moment.

Again I think that this situation could be resolved if the minister would see to it in the implementation of the general ideas proposed in the resolution that there is some assurance in the legislation that there is going to be very close co-operation with the entrepreneurs in industry and in the general business community. These people would be much more happy with the program if they felt that they could have a determining influence through these consultative committees and councils.

There is one final point I should like to make; I do not want to prolong this discussion beyond six o'clock if it can be avoided because I know we are anxious to get on with the business of the house. I also hope that the minister will not ignore the work that has been done by voluntary committees in the field of immigration. I refer specifically to the Canadian Citizenship Council which ever since the end of world war II has been operating on a voluntary basis offering advice and assistance to immigrants arriving in this country, first under the direction of the late Mr. John Kidd and more recently under Mr. Alan Clarke, who was transported to the Company of Young Canadians. Perhaps he now wishes he was back with the Canadian Citizenship Council. Here we have a corps of citizens who have been working in this area on a voluntary basis over the years. I think that the experience of these people should be taken into consideration in setting up this new advisory council and these committees.

Much more can be said which will be said when we have the bill before us, Mr. Chairman.

Mr. Winch: May I call it six o'clock, Mr. Chairman?

The Chairman: Order. Perhaps the committee will permit me to read the proceedings on the adjournment motion tonight.

It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for New Westminster—Water Resources, Ottawa River—Request for Pollution Control; the hon. member for Lotbinière—Transport, Turbotrains and the Safety of Grade Crossings; the hon. member for Carleton—Increases in Pensions for Retired Civil Servants.

Perhaps I could refer the committee at this time to standing order 15(4):

> On any Monday, Tuesday or Thursday, notwithstanding the provisions of section (3) of this standing order, the consideration of private members' business shall be suspended when an order for resuming the address debate or the budget debate, an order for a motion "That Mr. Speaker do now leave the chair" for the house to go into committee of supply, or an order to go into committee of the whole on a money resolution pursuant to standing order 61A, is set down as the first item of government business in any such sitting.

The present debate falls under standing order 61A, and I interpret this standing order as suspending private members' hour for today. It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Martin (Timmins): Mr. Chairman, I am pleased at this early stage in the renewed session to have the opportunity to speak about this department. I wish tonight to raise two or three matters which call for the attention of the minister and his staff, and indeed, for the attention of other hon. members of the house, with regard to the Department of Manpower and Immigration.

The first matter I raised during today's question period. The minister said that he wanted further particulars, and I am pleased to be able to give them to him. During the summer recess on a number of occasions my attention was directed to miners who, on

endeavouring to take advantage of this program to retrain and better their position in this country, were told that they, as miners, were excluded from this program of retraining and upgrading.

We ought to consider, for a moment, why miners would want to take advantage of a program such as this. In that connection I should like to give a couple of illustrations. One of them has to do with a man who came to my office last week. He is an immigrant who arrived in this country in 1951 and worked for some 17 years in the Timmins gold mines. At the age of 48, because of low wages prevailing in the gold mines, he wanted to make a change and thought that he should make it before his age prevented him from so doing. He went to British Columbia and obtained a job with the Consolidated Mining and Smelting Company of Canada Limited. Some weeks after that he received a registered letter from the medical referee for silicosis for the health authorities of British Columbia, and owing to his condition was barred from working in the British Columbia mines. He returned to Ontario, was taken on by Dome Mines Limited, passed his X-ray to go underground and at the present time is working underground. Needless to say, the man, his wife and family were greatly perturbed. After working in mining for 17 years he finds that he cannot pass the basic minimum medical requirement of another province. Nevertheless, for some strange reason, in the province of Ontario he is considered fit to work underground.

I wish to give another example of a man who for some 11 years tried to establish a silicosis pension. He was told that, according to the act in force in Ontario, he did not have silicosis. After that he was killed in a motor car accident and the insurance companies became involved. His widow's legal representative received a letter from the lawyers representing the other party. It was to the effect that because the man had suffered from advanced silicosis, the settlement should be much smaller than otherwise it would have been as his earning capacity had been greatly reduced.

I have cited these two illustrations to show why miners should be the first to come under the umbrella of this measure. They should have the opportunity to upgrade themselves, to retrain themselves, before it is too late and their health suffers.

As I said, on several occasions this summer I heard of miners who had tried to take

advantage of this program, only to be told that they were barred from it. I took up this question with local officials of a manpower office, and one of them said that mining is a very necessary industry for this country. There is a great shortage of miners and therefore they cannot be retrained for other jobs.

I cannot think of anything more unfair. Should a man, because he is silly enough in this day and age to become a skilled miner, be given a life sentence so far as this program is concerned? The Minister of Energy, Mines and Resources, in the speeches he has made over the last year or two, appears to have recognized the situation in the mines. When the mine operators went to him, with a great hue and cry, asking that there should be brought into this country unskilled, untrained and uneducated men to fill the jobs in the mines, he told them that if they paid better wages and established proper working conditions there would be no shortage of miners. I could not agree more with the minister's estimate.

What have we under this program, Mr. Chairman? In effect, we have collusion—it is not intended, I know—between the mine operators and this department of government. The government is saying, by its attitude: "Okay, continue to pay low wages; continue to keep these dismal working conditions; we will exclude the miners from retraining programs so that they can better themselves." That, in effect, is what is happening. It is high time that this question was looked into and this situation corrected.

There is another program under the minister's jurisdiction that I wish to mention. I have brought this question to the minister's attention. It has to do with the mobility program.

• (8:10 p.m.)

Not long ago a mine in the Timmins area closed down. One of the men who was thrown out of work took advantage of this program and was moved from Timmins to Pickle Crow with the assistance of the department which paid, on his behalf, the sum of $370 to move his furniture. He worked in Pickle Crow for less than a year before the mine there closed down, when he was faced with the same situation as before. Again, this program took effect and he was moved to the Tri-Bag mine at Bachawana Bay. The distance between Timmins and Pickle Crow is some 184 miles further than the distance between Pickle Crow and Bachawana Bay,

yet the cost of moving this man's furniture was $672 for the shorter distance compared with $370 for the longer distance. My point is this: while rules and regulations are needed in connection with these programs they should be guided by common sense and be sufficiently flexible to allow common sense to be used. The situation in Bachawana Bay is that no housing is available; employees moved there must live in trailers. Consequently, there was no space suitable for the storage of this man's furniture unless he decided to buy a tent and store it more or less in the open.

The employee concerned is within two years of retirement. He wanted to move his furniture to Toronto where he has children and where he intends to live on his retirement. He went to the department and asked whether the money it was prepared to pay on his behalf could be credited against the cost of moving his furniture to Toronto. He was willing to pay the balance. The officials told him this was not possible. Contract was signed with an outfit called Rember moving and the furniture would be moved to Bachawana Bay even if it had to be thrown into the street on arrival.

This raises two or three questions. First, I think we should know why the price charged for moving the furniture was doubled even though the distance was shorter by some 200 miles. Second, we should be told why a little common sense cannot be used in such circumstances.

The other matter I wish to raise has to do with the retraining and upgrading program. Again, I should like to bring up a particular case in order to illustrate the point I am making. It has to do with a woman who is the sole support of her four children and who had enrolled in a course designed to upgrade her education and train her as a bookkeeper. She wished to pass grade ten and become trained as a bookkeeper.

After she had enrolled it was discovered that this woman had exceptional ability. Although it had not been intended that she should receive this training she went on to attend the school for some two years during which time she passed not only grade 10 but grades 11 and 12. As a result she is within a year of getting a teaching certificate which would enable her to work to support herself and her children from that point on. This situation came to light about the same time as the government was putting on a big economy drive, and this woman, within a year of becoming a most useful citizen capable of looking after herself and her family, was turned out. Two years have been wasted and she will have to fall back on welfare payments for the support of herself and her family.

Various officials with whom I have discussed this matter were extremely sympathetic; they realize that this is an unusual case involving a woman of exceptional ability who should be given every opportunity. But they are bound by the regulations and cannot provide assistance in any way. They say, moreover, that the provinces are raising a furore about the danger of the federal government moving into the field of education.

To my mind this represents a "dog in the manger" attitude. If, in fact, the provinces are raising objections, it is a case of utter stupidity. If they are not prepared to supply this training themselves, why should they object if the federal government brings in a plan which will fill the gap and enable students to become valuable, contributing members of society?

As I said before, these programs are basically good programs and we shall certainly support this resolution. But let us, for heaven's sake, iron out some of the difficulties which have been encountered and, far from least, ensure that this program is applied with common sense. Let us remember the objective we are trying to attain; we are seeking to assist and train people so that they can take their places in society better equipped, and it is no part of that purpose to formulate a list of rules which defeat the very purpose of our endeavours.

Mr. Otto: I intend to direct my remarks to the subject of the resolution on the order paper which is intended, as I understand it, to introduce a measure to establish a Canadian manpower immigration task force—no, it is to be an immigration council; I thought "task force" was the new phrase and that no one used "council" or "advisory board" any more.

This is a resolution to provide for an immigration council, advisory boards and local manpower committees and it is within this context that I wish to address my remarks to the minister, particularly in reference to the part which says "to provide also for the appointment of the members thereof, their remuneration, allowances and other expenses."

I take it that these advisory committees will, in the end, be very similar to other such committees which advise not only ministers of immigration but ministers of industry, ministers of finance and other members of the government. Sometimes I wonder whether these bodies are really what they purport to be. We know there is always a considerable amount of trouble balancing the membership of these advisory committees by appointing appropriate numbers of representatives from unions, management and particular areas of the country, winding up, finally, with university types for whom I have a great respect, of course, and who seem to be acceptable to everyone.

There is nothing wrong with that, but committees being what they are, as most hon. members will know from their own experience, a powerful and experienced administrator is in most cases appointed as secretary; directly or indirectly he influences the committee until in reality what we have is a committee of one. I am sure this is not the intent of the resolution before us. I wish to applaud the minister's efforts in introducing new regulations affecting immigration.

• (8:20 p.m.)

As you recall, Mr. Chairman, recently the minister told of the new procedure whereby, through a system of marks, the administrators will be able to judge people who are eligible to be immigrants. This is a very good system because it draws a fine line between giving the administrators a guide line and, at the same time, allowing them enough discretion to do a good job.

In that respect, and dealing with the formation of these committees, I wish to say it is essential that they have the advantage of research. Research, to my way of thinking, is not taking the figures of the bureau of statistics, figures which have been accumulated over a period of time, and then saying, "Well, we now have so many thousand plasterers employed in Canada. There is so much construction and so much demand for plasterers." These figures can also be applied to service industries such as the restaurant business. That is not research; that is the accumulation of facts.

True research goes a little deeper than that. Applied research means that facts are accumulated and then projected. It is not a question of our having so many plasterers or bricklayers employed in Canada and then saying there is only room for so many. True research means finding out the numbers of plasterers and bricklayers that will be required in construction seven or ten years from now, and discovering the likelihood of the adoption of new methods of construction. The same applies to other qualifications and trades.

This will be an expensive undertaking. I urge the minister to make good research available to these committees. In order to do a first class research job their research facilities must be involved with all other phases of industry such as transportation, finance, the economy of the country, and the likes and dislikes of the consuming public. All these other factors enter into research. Research must take into account the current financial position and the likelihood of recessions. It will be an expensive and exacting business.

I know some of our government departments have instituted research branches, but whether these are truly qualified research efforts is another matter. It is very easy to say to people who are not doing anything and who know nothing, "Start a research department." That is the worst way to do things. I urge the minister to give serious consideration to the establishment of a good, efficient, knowledgeable research branch, one that will co-operate with other departments so that rather than being solely concerned with the department of immigration it will work along with the Department of Trade and Commerce and the Department of Finance. I am sure that in that way it would do a better job.

The results of research should always be made available to these committees so that they can advise the minister on what immigration policies should be. Given good research, these committees can make a concerted effort to advise the minister not only on what is taking place today but on what will take place in the future.

In that way the criteria which the minister has publicized can be changed. If these criteria are allowed to stagnate they will become firmly fixed in the administration and 20 years from now the department will still be following them because normally it is difficult for administrators to change their minds. In order to make our immigration policy workable these criteria will have to be changed from time to time in accordance with what is happening in the country, and what will happen.

At the time that the administration of manpower was merged with the administration of immigration, I had sincere doubts about the advisability of the merger because

it covered two completely separate policies, one dealing with immigration and one with manpower. I agree that they have to work together, but the question in my mind is which will govern which.

With all these advisory committees it seems to me there will be a tendency to take the easiest way and, of course, the easiest way would be to let manpower govern immigration policy. It would be easy to say, "We have only so many jobs available in so many trades, and therefore immigration will be cut down to so many people." That would not be proper immigration policy. Immigration policy has to be founded on other grounds in collaboration with manpower requirements, and in that way we will have a balance.

Recently I discussed this matter with some people who are very interested in immigration matters. They did not share my point of view at all. They thought there was only one criterion for immigration, and that was the number of jobs available. In other words, manpower should govern the whole sphere of immigration policy. If that were the case, then I suggest the minister should also have authority over birth control and other matters which can affect manpower.

In conclusion, I wish to say I was very gratified to note the criteria established by the minister in connection with immigration policy. Probably his department to some extent resisted these criteria, and I admire the way in which he has been able to establish them. This is the modern way to do things. I trust the bill will contain provision for adequate research to be made available to the advisory committees so that they can do a good job.

Mr. Pugh: Mr. Chairman, I do not intend to make a long speech but I wish to deal with two things which have recently come to light in connection with the cost of government. When the minister makes his concluding speech on the resolution stage I hope he will tell us how his department has been cut.

I raise this point because of the much publicized undertaking by the Prime Minister and other ministers that they are going to slash government expenditures, and also because of the recent recommendations made by the Economic Council of Canada, of which the minister is well aware.

The resolution refers to the establishment of councils, boards and committees. Can the minister give us any indication whether his original plan for the establishment of these bodies has been materially cut?

• (8:30 p.m.)

In other words, I am looking toward the efficiency of the act that we will bring forth in this house as a result of the passage of this legislation. I do not wish to repeat myself or make a long speech. I should just like to mention these thoughts. As a result of the original bill, has the minister had cuts forced on him, perhaps by public opinion, which finally have made their impression on him and on the government. Has this resulted in the Prime Minister making his statement? Second, have the minister and the government been influenced perhaps as a result of reading and studying the report of the Economic Council of Canada.

I should like to know whether, as a result of anything that might have taken place, the efficiency of the bill which will follow the resolution has been restricted to a point of no return. In other words, does the minister feel that what he finally is putting forth will be effective? Perhaps the minister would let us know what he contemplates having in the estimates as a total expenditure as a result of the passage of this resolution and the bill which will follow it? Thank you.

Mr. Haidasz: Mr. Chairman, in rising to speak on this resolution to establish a Canada manpower and immigration council, advisory boards and regional and local manpower committees, I should like to commend the minister for providing the type of machinery which I believe will assist him in improving the policies of his department.

I support this measure and look forward to its implementation without delay. Since the establishment of the Department of Manpower and Immigration many desirable policies and measures have been put into effect to meet the recommendations of the Economic Council of Canada, to cope with the increasing importance of effective manpower development and the proper utilization of skilled and trainable people, to increase our productivity and to contribute thereby to the economic growth of our country.

Our unemployment figures today are the lowest in our history; our standard of living is the second highest in the world, and the increasing and unprecedented affluence of our society is the envy of the rest of the world. The manpower mobility and adult occupation training programs have contributed to this prosperity.

In social terms, the manpower policy seeks to provide our workers with the opportunity to meet the challenge of a swiftly changing

technology. It also provides many immigrants with the opportunity to adjust themselves to our manpower needs. But, there still is a great need in Canada for skilled labour. The three tours I have made this summer to the northern and western regions of Canada have provided me with a good deal of evidence that our development could be improved further and faster if the necessary skilled labour were available today. The areas most in need of skilled labour today are in our far north, and especially in our mines. No doubt a review of the departmental policies would reveal to what extent these policies have been successful and what gaps still exist. Members of this house are hopeful that the council and boards which are to be established by the forthcoming legislation will assist in meeting any shortcomings and in filling the gaps.

In this great effort of our government to improve the living standard of our citizens, voluntary organizations in the past—and I hope this will continue in the future—have played a useful role. This has been a characteristic of the Canadian way of life. If past achievements are any guarantee for the future, it is safe to say that voluntary organizations in the field of education and counselling, of immigrants especially, will play a very helpful role in improving our society.

Basic to the success of the program of the department is the provision of adequate teaching facilities for the English or French languages and for the upgrading of the skills of the immigrant. I hope the minister soon will make a statement to clarify the future role of voluntary agencies which are doing a great service to our country. I should like to pay tribute to these organizations and the people behind them. I wish this evening to acknowledge the achievements of, and express my gratitude to Rev. Joseph Carraro of Toronto, the founder of "Costi" which is the term used in respect of the Italian Educational Centre. This centre was founded in 1961 and was granted a provincial charter in Ontario in 1962.

The president of "Costi" this year is Alderman Caccia of the city of Toronto. "Costi" has offices also in Hamilton and Oakville. An average of 7,000 people each year receive training and counselling services at "Costi". Its annual budget is approximately $145,000. A provincial grant of $6,000 annually has been matched by the federal government for the past few years. This year, however, the provincial grant to "Costi" will be $8,000. I hope the federal government grant will be given this year without any further delay.

The additional funds which are necessary to keep this worthy centre operating come from private donations, the Workman's Compensation Board and the Italian government. This centre is rendering services in the field of English language classes, apprenticeship training, upgrading of skills, rehabilitation and counselling, above all, to the special group of young people between the ages of 16 and 18 years. I should like to say that it is desirable that more federal funds be made available to such organizations.

I believe there are now in Canada 200 manpower centres of which approximately half a dozen are in Toronto. This evening may I draw to the attention of the minister the fact that there is a need to increase the professional staff in the Toronto manpower centres. There is still a great need for adequate translation services. There is also a need for sufficient people who have an inexhaustible patience and a great deal of sympathy for the poor immigrant who comes to the manpower centre for help. There is also need to tell Canadian industry it should not put too much stress on the necessity for immigrants to have Canadian experience.

I do not believe the policy or the philosophy of the Canada Manpower Act is so strict that the skills and education that the immigrant has acquired in his home country should be disregarded. When I interned at St. Joseph's Hospital in Toronto and at other hospitals I saw doctors, dentists and other skilled persons doing menial jobs. It is unfortunate that such skills and professional services are not used quickly and properly.

I hope these few remarks I have made this evening will reach the ears of the minister and that they will help him further improve his great program of Canada manpower centres which has contributed so much to our economy.

• (8:40 p.m.)

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, it seems to me that now, when the bill on the Canada manpower and immigration council, together with advisory boards and regional and local manpower committees, is being introduced is the time we should draw to the attention of the minister, before things become too fixed in this new direction, those things which we discovered during the recess.

I think we all welcome the idea of closer co-ordination at the different levels of government. As a matter of fact, I have constantly felt that the big thing we have to achieve in the near future is very, very close co-operation and co-ordination among federal, provincial and local levels of government, and that until we can achieve a workable partnership we will not solve or even begin to solve any of the major problems facing this country today.

Therefore, if this new bill results in closer co-ordination among the different levels of government and the different regional authorities, I think it will be very helpful and very necessary. On the other hand, I believe we must make sure that this bill will not represent just a piling of machinery on machinery and will not be just another factor in making an administrative traffic jam that will lead to confusion and chaos rather than co-ordination.

When the going gets tough and it is impossible to achieve co-operation among different levels of government, we have frequently seen the federal government, in despair, form a task force, a committee, advisory board or something else. This is a very, very convenient way to attract attention away from the main difficulty, without achieving what should be achieved. It merely has the result of piling trouble upon trouble in the way of administrative machinery.

I know the minister does not want this to happen. I may put it badly, but I know very well the magnitude of the job the minister is undertaking. In Vancouver a great many organizations and individuals are very much concerned about certain facets of the manpower policy. I wish to deal with just one or two of them this evening. Ottawa is about 3,000 miles from Vancouver, but when you live in Vancouver and want something done in connection with a major problem, Ottawa seems at least 6,000 miles away. I hope that the new legislation and the way in which it is carried out, which is even more important, will resolve this difficulty. I hope we do not find that the Canada manpower and immigration council is composed of people recruited largely from central Canada, with a few university professors or other people removed from the difficulties which local bodies face when carrying out this work. In this connection I should like to see a very close co-ordination between the authorities at different levels.

This summer in Vancouver the members of parliament from the area had a great deal of discussion with the Vancouver Board of School Trustees and other organizations about the difficulties in connection with manpower. The Vancouver Board of School Trustees called a meeting of members of parliament for the Vancouver area, members of the provincial legislature and members of the city council. There were other people in attendance at the meeting, but these were the official people at the three levels of government. The Vancouver Board of School Trustees, as the educational body for Vancouver city, wanted to outline their difficulties in connection with manpower.

I wish to draw several of these difficulties to the attention of the committee because I consider it is the job of those of us who were at that meeting to draw them to the attention of the minister. As the minister is well aware, for many years the Vancouver Board of School Trustees has been working closely with the provincial government, with the financial assistance of the federal government, and has worked out a program of basic training for skill development, which is considered essential for vocational training and upgrading programs.

Admittedly, this program was quite selective and fell far short of meeting the full demands of the applicants. For this reason and others, the board welcomed the federal government's manpower program of support for the retraining of persons displaced by technical advances. The board commended the federal government for its proposals to increase the support of training and allowances provided in such cases. They made it clear that they welcomed this initiative on the part of the federal government.

However, we now find that in spite of the fact that this summer the board drew the difficulties to the attention of the federal government, the manpower training program has been reduced 50 per cent in the Vancouver area in terms of the numbers referred for training. Further, there is no assurance of any regular pattern whereby applicants will be referred for manpower training. The board just does not know what is going on in the Vancouver area and they are worried about it. They are worried because they can no longer plan properly; they do not have sufficient clear and definite information on which to plan. They established these basic training programs. They discovered from the 1961 census in the Vancouver area that 53

per cent of the work force had grade 10 education or less; therefore, the basic training that developed under the former agreement was embarked upon.

The Vancouver Board of School Trustees, through the provincial government, offered to expand its basic training program and to organize an experimental centre designed especially to concentrate upon improving techniques and content for the classes. Space was available in a public building at nominal cost for this program, but it had to be abandoned because of the sharp reduction in manpower referrals. The Vancouver Board of School Trustees held that instruction in basic training should be available through the manpower division both on a full time and a part time basis.

The minister was good enough to write to me last June, when he said:

> Under the occupational training for adults program both part time and full time instruction may be purchased, and my department intends to purchase part time or night school training in the Pacific region. The nature and extent of services of this kind which will be purchased have not yet been decided; however, discussions are currently under way with provincial officials on this and other matters.

That letter was written on June 27, but by the middle of August the Vancouver Board of School Trustees, which has been responsible for carrying out this upgrading and training program, complained to us that they still did not know what they would get in the number of referrals. There is not any consistent pattern that they know of which will allow them to plan for the services. They say:

> Unless manpower department provides opportunity for effective basic training, it is denying responsibility for a major problem area in the increasingly important field of technical skill development.
>
> In addition to a reduction in training opportunities, the irregular nature of the referral procedure has already resulted in discharge of some staff members and the inability to guarantee staff appointments for periods of more than four or five months. In today's market, good instructors are not interested in this type of appointment.
>
> Efficient organization of training programs depends on the ability of any training group to develop and keep a competent staff of technical instructors.

• (8:50 p.m.)

They are worried because if they are to have a good staff and good basic programs they must know in advance how many people they are going to get. They contend it is not good enough in the first place to give financial assistance only to persons and that in order to have good programs financial assistance must also be given to basic programs. Otherwise, programs cannot be properly planned and permanent instructors cannot be hired. I think this is a very important matter indeed. They say that the new legislation, based on purchase of services by manpower, presumes availability of training spaces, training facilities, professional staff, and an administrative organization ready to serve the demands of manpower. They explain:

> This is a false assumption; there needs to be a basic organization of services available to guarantee this.

Their first complaint is that the services should be available not only to persons but to programs.

The second matter about which they complain is that it is not good enough just to provide full-time manpower training with facilities and upkeep. They say that for many years in Vancouver there have been people working part-time and training part-time, and funds should be provided for part-time training in night schools and elsewhere which would afford people the opportunity of doing regular work during the daytime. It is not only the Vancouver school board that has said this. Around the middle of July, I received a letter from the Vancouver Board of Trade which reads in part as follows:

> The magnitude of the part time programmes needed in an urban area such as Vancouver, makes it quite unrealistic to attempt to provide direct federal support to individuals in such programmes.

They go on to point out that what we need to do is to support programs in night schools. They write:

> We hold the very strong opinion that the government of Canada should not only support people directly, as it does under the "Adult Occupational Training Act" but should provide support also for programmes as was the case under the "Technical and Vocational Training Assistance Act".

We are talking about saving money and providing incentives. As is pointed out by the Vancouver Board of School Trustees, greater incentive would be provided if it were possible to train these people who are working part-time than simply to say "we will support only full-time trainees". I think that here they have raised an excellent point.

There is another point which I should like to make and which we all discussed at this particular meeting held in Vancouver. I believe it has been touched on earlier today by previous speakers. Recently under the

manpower, division full-time classes in language instruction, for immigrants were organized in Vancouver, but for some reason or other the Vancouver board of education was directed to phase out these classes and was advised that manpower would not support a program of instruction in language that is, in English or French, for immigrants. I do not think there is much sense in bringing in immigrants to be upgraded in skills if we are going to phase out programs in the languages of this country which they need to use in obtaining jobs here. I know there are many people who immediately run into difficulties in obtaining jobs if they do not speak English or French. The Vancouver Board of School Trustees wants to know why in heaven's name they were advised to phase out these training classes in languages for immigrants. It does not seem to make sense.

These are some of the things to which I should like to have an answer from the minister because I know these people have been corresponding with the department and I know they are not dull of understanding. I know that when they say they do not know what is going on, they want to know; and when they ask for a definite answer, they mean business. I know the minister is reasonable and I hope he can give us a clear answer to these policies which do not sound too sensible.

I want to conclude my remarks on the subject of manpower training by saying that we all realize this is a tremendously difficult job but we hope that the new bill will provide for a close liaison not only with the local and regional people and the federal government but also, where possible, with the provincial government. There may be provinces in this country which do not want to co-operate in this program with Ottawa but ours is not one of them. In cases where the provinces wish to co-operate, I think we should work with the provincial people wherever it is possible to do so because every single thing we can do to upgrade and improve the skills not only of native born Canadians but also of recent immigrants should be done.

Now, I wish to say one word regarding the immigration side of this matter. Most of what I wish to say I will keep for the time when we will discuss the bill. I do hope that the new regulations to be promulgated on October 1 will take account of the fact that Canada owes something in the way of assistance to people who are struggling desperately in other countries to survive economically. I have in mind a young fellow from India whom I have tried very hard for nearly two years to bring into Canada. He has nobody in India but his old father who grows hardly enough vegetables on his poor little plot to feed himself. This lad has not been able to have much schooling because he has had to do hard, menial work. He has an uncle in Vancouver who has lived in British Columbia for many years and who is a naturalized Canadian citizen, as is his wife and his wife's sister. They are all here. This man is in a position to receive his young nephew, to send him to school here and to give him security until he obtains the kind of job which will be good for this country and good for this boy. I cannot for the life of me see why, in view of the misery, poverty and insecurity which exist in India, a bright boy who has had no opportunities over there and who has an uncle who is financially able and more than willing emotionally to bring the lad here, cannot be brought here. I do hope the new regulations will permit this to be done, not only on compassionate grounds but on the basis of the fact that in the long run this will help Canada and will help us to do our share internationally in trying to help others.

We welcome the bill but we also hope it will result, not in a piece of machinery ungeared to reality but in one that will make for close meshing among our different levels of government. I know all levels of government would be far happier if they could co-operate in this big job of manpower training.

Mr. Kindt: Mr. Chairman, I have listened attentively to everyone who has spoken on this resolution and all of them have been asking the minister questions. I can understand the necessity for these questions because the wording of this resolution is insufficiently detailed. The ordinary member does not know whether in voting for the principle of the resolution he is buying a pig in the poke or is doing the right thing. I hope the minister will give to the house a detailed explanation in answer to the questions which have been raised as well as the ones which I propose to raise myself. I should like to know what functions will be assigned to the new manpower and immigration council. Is it to be a policy-making body? Is it going to advise the minister on matters which he should either know himself or which should be decided by those officials immediately around him? Or is the council to have a purely advisory capacity? If that is the case,

would the minister tell us why great cost has been incurred to set up an organization to make decisions of an advisory nature which those officials around him should make? These are matters which I think should be clarified before we vote on this particular resolution.

• (9:00 p.m.)

I should like to ask whether the council is to be given administrative duties. Are certain functions to be set down in law that the council must carry out? I should also like to know whether this body is to deal with matters such as the training of Indians to enable them to take their proper place in society. What funds are going to be made available to enable Indians to take this type of training. Is there any program sponsored by his department for the training of Indians? I have 8,000 Indians in my riding and they are asking me these questions. So far as I know very few, if any, of them have been offered any opportunity to take a training course in these new technical schools which have been set up across the country, and I think this is a shame.

I think that these people must be brought into industry by training them in these schools. It is the duty of the government to open up their program to the Indians, to familiarize them with it, in fact to take them by the hand and lead them if necessary so they are able to find new trades, to learn carpentry and other skills which would be of value to them.

I should also like to ask the minister whether this particular council will deal with such matters as bringing in foreign agricultural labour. I remember a couple of years ago some people were brought to Canada from Jamaica, and it was stated at the time that they would return to Jamaica. I am wondering whether any more have been brought to this country during the past year or whether the technological improvements in tomato picking in the form of the new machines being employed in California, if introduced into Canada, would dispense with the need for bringing in this type of labour.

Who is going to advise the minister on these matters, Mr. Chairman? Would it be this council or is the minister going to make up his own mind? He will have to make up his own mind eventually. I should like some answers to these questions before we vote on this resolution.

The Chairman: Shall the resolution carry?

[Mr. Kindt.]

Some hon. Members: Carried.

The Chairman: Shall I report the resolution?

Some hon. Members: Agreed.

And Mr. Speaker having resumed the chair:

Mr. Kindt: Mr. Speaker, may I ask whether we are going to have any answers to the points I raised before we vote on this resolution? I think the minister is ready to reply if the chair would give him the opportunity.

Mr. Marchand: I will give a reply on second reading.

Mr. Deputy Speaker: Order.

Resolution reported and concurred in.

Mr. Marchand thereupon moved for leave to introduce Bill No. C-150, to establish a Canada manpower and immigration council.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. A. J. MacEachen (for Mr. Sharp) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize the Canadian National Railway Company to make capital expenditures and to supply the financial requirements of affiliated companies in amounts not exceeding, in the calendar year 1967, the amount of $264,800,000, and to make, in the calendar year 1968 prior to the 1st day of July, 1968, certain capital expenditures, by way of investing in the securities of Air Canada, not exceeding $135,000,000 and to make certain other capital expenditures and enter into certain contracts, prior to the 1st day of July, 1968, for the acquisition of equipment, additions and conversions not exceeding $94,000,000; to provide for the financial requirements of Air Canada in an amount not exceeding $122,000,000, either by means of loans from Her Majesty to the national company or by means of issues of securities of the national company, authorized and guaranteed as to interest and principal by Her Majesty, the cash proceeds by either method to be used only for the financial requirements of Air Canada, the capital needs of the national company itself being met entirely through the sale of preferred stock to Her Majesty and from reserves from depreciation and debt discount; to authorize Her Majesty to continue to purchase until December 31st, 1968, Canadian National Company 4 per cnt preferred stock in an annual amount not excedding 3 per cent of the gross revenues of the company; to extend until December 31, 1968, the moratorium on interest on the loan of $100,000,000 to the company authorized by the National Railways Capital Revision Act of

1952; to authorize Her Majesty to make loans to the Canadian National Railway Company and Air Canada to meet deficiencies in operating reserves to June 30, 1968, any such loans to be repaid from revenues of the railway company and Air Canada or, if revenues prove insufficient, by subsequent deficit appropriation by parliament.

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

Mr. Walker: Mr. Chairman, this resolution is that which usually precedes the introduction of the Canadian National Railways financing and guarantee bill. It is basically the same as in previous years, with the exception of the 1963 act which covered 1962 and 1963 and the 1966 act which covered 1965 and 1966.

The bill is intended to accomplish six main purposes, each of which is similar in form to those of preceding acts.

First, it is to authorize capital expenditures by the Canadian National Railways not exceeding $264,800,000 during the 1967 calendar year, including $67 million for investment in Air Canada. This level of expenditures compares to $192 million authorized previously for 1966 in which there was no amount included for investment in Air Canada. The bill also contains technical provisions authorizing Canadian National Railways to make expenditures not exceeding $135 million between January 1 and July 1, 1968 for obligations incurred prior to 1968, including $55 million for investment in Air Canada, and to enter into contracts before July 1, 1968 for capital expenditures not exceeding $94 million for which payment will not come due until after 1967.

Second, the bill provides for the continued purchase by the Minister of Finance of Canadian National Railway 4 per cent preferred stock through to the end of the calendar year 1968. This continues the practice of previous financing and guarantee acts; the 1965-66 financing and guarantee act extended to December 31, 1967 the expiry date of the authority granted by the Canadian National Railways Capital Revision Act 1952 for the purchase of such stock equivalent to 3 per cent of the company's gross revenue.

Third, and for the same reasons, the bill also will extend until the end of 1968 the moratorium on interest on the government loan of $100 million to the railway company authorized by the Capital Revision Act, 1952.

Fourth, the bill will provide for the interim financing requrements of Air Canada during the first six months of the calendar year 1968 in an amount not exceeding $55 million.

• (9:10 p.m.)

Fifth, as in previous years the bill—if the house adopts the resolution and it becomes one—will provide authority for the government to make temporary loans to the Canadian National Railways and Air Canada to meet deficiencies in operating revenues up to June 30, 1968. Any such loan is repaid later from revenues of the C.N.R. and Air Canada or, if these prove insufficient, the loans are written off through parliamentary appropriation.

Sixth, the bill would provide for the appointment of the firm of Touche, Ross, Bailey and Smart of the cities of Toronto and Montreal, chartered accountants, as auditors of the C.N.R. for the calendar year 1968.

The nature of the provisions of the bill differs from those of earlier years in only one respect. The present bill makes no provision for enlargement of the C.N.R.'s authority to refund, which at present stands at $680 million and is considered adequate for the period covered by the bill.

Mr. Bell (Saint John-Albert): Mr. Chairman, this resolution is routine. As the hon. parliamentary secretary said, there is little change, on the surface, from other years. I note that his explanatory remarks are almost the same as those of other occasions. I do not plan to dwell too long on anything this evening.

We have had considerable discussion in the last few years about the railways, Air Canada and the like. We have gone into the matter of the financing of the Canadian National and Air Canada extensively in the house and in committee. In this connection, may I say this evening that we are sorry that an old face, in the person of the former minister of transport, is not with us. It is difficult to feel sorry for him, when we know that he is reposing somewhere up there with a job that carries a salary of $40,000 a year.

An hon. Member: Which he created himself.

Mr. Bell (Carleton): Is the hon. member lonely?

Mr. Bell (Saint John-Albert): Up to a point; as was alluded to this afternoon in the remarks about the cabinet changes, the former minister of transport, with his broad interest in history, created history himself by

opening up this job and then accepting it. It is amusing to remember that when he left his position in the house he gave the impression that: "The changes and reforms in the Department of Transport and in the railways are now complete; my job is done; there is nothing left for me to do and so I shall go to greener fields."

I asked the former minister of national defence what he thought he would do, and he said: "I shall probably be a candidate at the next Liberal convention. I want a real challenge. I want a department that is all messed up, and where there is something for me to do."

Some hon. Members: Oh, oh.

Mr. Bell (Saint John-Albert): There is also the story that the former minister of national defence, having wiped out the navy—and some of us said something about this in a previous debate—learned that there were more ships in the Department of Transport, and so he decided that he had better get over to that department.

Some hon. Members: Hear, hear.

Mr. Bell (Saint John-Albert): Whether he unifies or disintegrates the department remains to be seen.

Mr. Byrne: Does the hon. member want a skipper?

Mr. Bell (Saint John-Albert): We shall watch the changes which take place. Quite apart from personalities, though, one thing does worry me. A very active partisan politician, for whom many in the house have high respect, has been made head of a tribunal which is of a semijudicial nature. This tribunal will deal, day by day, with political problems in transportation throughout this country. I do not agree with this sort of appointment as a matter of principle, and I wish to register my objection this evening.

I do not intend to make extensive remarks about the financing of the Canadian National and Air Canada, as contained in this resolution. For many years we have heard that the Canadian National ought to be recapitalized. Attention to this matter has been paid in committee, but nothing concrete as yet has been forthcoming.

For some time I have felt that it would be proper for the Canadian National and Air Canada to make public their balance sheets so that a comparison can be made between them and their competitors. Canadian National officials have always said that they want full control of their own financial structure. My interest in the Canadian National and its recapitalization has changed. I know that there are two aspects that must be considered. First, there are the unprofitable services that the Canadian National is called on to perform and, second, there is the old debt structure that was brought into being by the unprofitable railway lines and by the depreciation methods that were used in the 1940's. Though not all unprofitable services have been eliminated, they will be looked after by Bill C-231 when it becomes law in this country. The remaining problem has to do with the old debt structure. Whether it is proper for the Canadian National to wipe it out, at some expense to the Canadian taxpayer so that that railway can give a different impression vis-à-vis the Canadian Pacific, I do not know.

The Canadian National has reduced its deficit by $9 million during this past full year. The deficit is only—and I say "only" advisedly—$24 million. It is predicted that by 1970 a profit will be shown. I do not know whether it is better to show a profit every year or for a slight deficit to hang over the heads of the officials, to stir them to greater economies and greater efficiency.

An hon. Member: And greater effort.

Mr. Bell (Saint John-Albert): Yes, and greater effort. The other matter I shall deal with is Air Canada. In this resolution we are being asked for a greater amount than ever before, if my information is correct, to meet the financial requirements of Air Canada. These requirements are brought about by the great expense of the new Boeings, Douglases, and supersonic transports. Personally, I feel that there should be some accounting by Air Canada officials before a committee. I do not suggest that Air Canada be made a public corporation. It ought to be owned by the government. It might be appropriate to set up a separate bookkeeping system so that we might get a truer, up-to-date picture than we now have and so that we might compare it with Canadian Pacific Airlines now that the two air lines are in competition.

We must look back to the days of the late C. D. Howe for the explanation of why Air Canada was tied to the Canadian National. The reasons were valid then.

If an investigation were conducted by someone in the department, and by accountants or

those who have the particular knowledge to set up a full balance sheet for Air Canada, I think it might be well worth while. The various amounts under various headings ought to be set out. According to officials, the net debt fund ratio is not correctly shown in our figures. The figures we have do not give a proper picture of this air line.

• (9:20 p.m.)

I think it has been well run, and I speak as one who has served on the committee, off and on, for many years. However, we do not really know the profit and loss situation of this company. That is the word of caution I have to offer. Financing of the C.N.R. does not now loom as large in my mind, since the deficit has been reduced, as does the Air Canada situation.

We shall be looking forward to the bill. I do not think there is any point in expressing thoughts on this general financial resolution in greater detail tonight, except to point out that we shall have to demand from the new minister the same assurances as were given us during the passage of the railway bill, and on various other occasions in the course of debates in this chamber. The former minister of transport promised us that a new bill would be brought in to deal with maritime transportation; we were asked for support on the basis of a promise that something would be done immediately to meet these problems.

We are still waiting. We now have a new minister, and the promise which was made to us has gone out of the window. Members who come from the west were given certain promises with respect to railway passenger services and the discontinuance of certain lines. Where do we stand now with regard to statements solemnly made in this house by the former minister?

This change of office has come about, in my opinion, at a very bad time not only from the standpoint of national defence but also from the standpoint of transport arrangements. We want to know where we stand with regard to the various promises the former minister made. In Newfoundland, the railway indicated it was their intention to do away with passenger service. How does the former minister stand with regard to this? Tonight he is attending a testimonial dinner and he has taken the new minister with him. I wonder who is going to be telling whom to do what about transport?

Mr. Knowles: Mr. Chairman, there is one particular matter about which I should like to say a few words while this resolution is before us. If it is possible and appropriate for the parliament of Canada to provide sums of money for the C.N.R., as indicated in this resolution, it seems to me it is also proper and appropriate for us to make certain suggestions to the C.N.R. I think the time has come for the C.N.R. to be told that it has to improve the pension position of its retired employees.

I say frankly that I have refrained for some months from making pleas of this kind on the floor of the House of Commons because I thought it would be wise for us to concentrate our efforts on the case of retired federal civil servants. I made it clear, however, that as soon as we had won that battle I would be insisting that something similar be done for retired employees of the C.N.R. Hon. members who were here this afternoon when the hon. member for Carleton asked his question on the orders of the day will realize how I feel about this situation. It was made clear to us this afternoon that all the promises of last July that immediate attention would be given to the difficulties faced by retired civil servants were not worth the time it took to utter them in this house. Therefore, if I continue to wait until the case of the retired civil servants has been taken care of before I mention again the case of retired C.N.R. employees, many of those employees, like many civil servants, will have gone where they do not need pensions of the kind the people of Canada could provide.

I submit that the position of retired employees of the C.N.R. is analogous in every respect to that of retired civil servants. I submit that the case is becoming clearer and clearer as the months and the years go by that it is not good enough for us to expect people to spend all their years of retirement on the amount of pension they were awarded at the time they retired. We accepted the principle that there should be escalation of pensions after they had been put into pay when we passed the Canada Pension Plan and we have written it into the Old Age Security Act. I submit there are at least these two groups about which the government and the parliament of Canada could do something—the retired civil servants and the retired employees of the C.N.R.

Reference has been made a number of times today to the new Minister of Transport. I hope that on this score he will do a lot better than the previous minister. Despite all the plaudits which can be given to Jack

Pickersgill with respect to his role as minister of transport, on this issue he has been a complete flop. All he ever did was send letters or copies of *Hansard* to the president of the C.N.R.; there was no evidence of any pressure, any urging, no matter how hard we pressed the case in parliament.

I hope the new Minister of Transport is a little more aware of the seriousness of this problem and of the need for something to be done about it, especially in view of the fact that it seems appropriate for us to provide the C.N.R. with the sums of money mentioned in the resolution tonight. Like the hon. member for Saint John-Albert, I do not think it is necessary at this time to enter upon a lengthy debate in connection with transportation matters in view of the time we have spent on this whole subject during the last couple of years. Nevertheless, I do urge that the new minister give early consideration to this question. Better still, he should act on it with the least possible delay.

Mr. Harkness: I wish to speak briefly on one particular point in connection with this resolution. A similar bill was brought before the house during the last session; I believe the parliamentary secretary mentioned tonight that it dealt with expenditures for both 1965 and 1966. Upon examination of that bill it was apparent that more than three-quarters of the expenditure for which parliamentary approval was sought had already been made. Indeed, some of this money had been spent over a year before the bill was passed and most of the rest had been spent long before the measure was introduced.

Looking at this resolution it would seem that the first amount mentioned, namely the $264,800,000 expenditure for the current year 1967, must also have been spent already since the calendar year is now three parts over.

• (9:30 p.m.)

The point I particularly wish to make is that this method of getting legislative authority for expenditure of the Canadian taxpayers' money after that money has actually been spent is contrary to our whole theory and practice of government financing. The ordinary practice which has to be followed by every department is that the minister responsible presents his estimates, they are approved by the house and the money is spent on the basis of the estimates. If expenditures go over the amount which has been approved by the house, then those expenditures cannot be made.

[Mr. Knowles.]

This method of financing the C.N.R. and Air Canada is not consistent with the general practice which is followed and which should be followed. When the bill was up for discussion last session we had a considerable amount of argument over this point but no satisfactory explanation of this method of doing business was given. On this occasion, I would hope that on second reading the minister, or the parliamentary secretary if it is he who is piloting the bill, will be prepared to give a reasonable explanation for the continuation of this particular practice.

Mr. O'Keefe: Mr. Chairman, as a representative of the province that brought not only Labrador to this Canada of ours but also a railway, I think the only province that did such a thing, may I register the strongest possible exception to the C.N.R. plan to abolish passenger services in Newfoundland and substitute bus services for them. We are told that a bus service would be better for us. We are told that train passenger service is uneconomic. May I ask where in Canada is train passenger service economic?

I asked Mr. MacMillan in the transport committee if any thought had been given to upgrading the passenger service in my province. I remember him saying that thought had been given to this. Then I asked him had any action been taken and he said no. Maybe at a later date I will have an opportunity to talk about this at greater length, but at the moment I wish to register the strongest objection to the C.N.R. abandoning passenger train service in my province, particularly during centennial year.

Resolution reported and concurred in.

Mr. MacEachen thereupon moved for leave to introduce Bill No. C-151, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1967 to the 30th day of June, 1968, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

SUPPLY

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

The Assistant Deputy Chairman: Order; house again in committee of supply, vote 1 of the estimates of the Department of Veterans Affairs. This item will be found at page 572 of the bluebook, with the details at page 574.

DEPARTMENT OF VETERANS AFFAIRS

1. Departmental administration, $5,702,200.

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Chairman, as is the custom these estimates have been carefully examined by the standing committee on veterans affairs and therefore my remarks will be very brief. I want to deal with only two items because of the widespread interest shown in them by veterans across Canada and by members of the house.

The Woods committee report will apparently be in my hands within a day or two, although not translated. It will be some weeks before the translation is completed. However, I hope to make arrangements with the chairman of the committee to enable the department and the Canadian Pension Commission to begin considering the report without waiting for its translation.

The second item is the study on pension rates which is not yet completed but which I am informed will be completed before very long.

As to the interim rates that I talked about last fall, I can only refer back to the question put by the hon. member for Kootenay West which I answered this afternoon. This is the main burden of my remarks this evening on these estimates. As I say, they have been carefully considered. Of course, I am available to answer any questions that arise out of consideration of them.

Mr. MacRae: As the minister has said, Mr. Chairman, the estimates of this department have been considered by the standing committee. During the committee hearings the chairman of the Pension Commission, the chairman of the War Veterans Allowance Board and all the officials were most co-operative and helpful. I feel a good job was done in that committee, and I wish to commend the chairman for his fairness in all matters.

It was my intention on orders of the day today to read a telegram for the benefit of the minister, a telegram from the Nova Scotia Command of the Royal Canadian Legion. However, as mentioned by the minister, the hon. member for Kootenay West beat me to the punch on this question and I decided to defer reading the telegram until these estimates were being considered. It is of such importance and is so pertinent that I would like to put it on the record now. I do not know whether the minister received a copy of it, but it will now be on the record for his perusal. It reads as follows:

> The officers and members of Nova Scotia Command of the Royal Canadian Legion do hereby protest the long delay by the present federal government in not giving veterans a pension commensurate with toady's cost of living. We also protest the delay in increased pensions to widows and dependents and do demand immediate action to rectify this situation at the present session of parliament. Your participation and co-operation is urgently solicited in this matter.

The telegram is signed by J. V. Brown, who is the president of the Nova Scotia Command, and by W. L. Huestis, provincial secretary. I think it speaks for itself.

I should also like to refer to the lead editorial in the last issue of the *Legionary*, which is the official organ of the Royal Canadian Legion. We members of parliament receive much material that we do not have time to read, but I feel every member of the house should read this editorial. It is well written and brings to the fore the plight of those men and women who, in time of war, offered their services to their country, so many of whom suffered grievously and so many of whom did not return.

As it has been in the past, the Royal Canadian Legion is headed by an excellent president, Ron MacBeath, of Moncton. He is giving the organization strong leadership and is not backward in pressing its just claims.

• (9:40 p.m.)

On August 21 Mr. MacBeath sent a letter to the Prime Minister. I should like to place that letter on the record of the House of Commons. I feel it is that important. The letter reads:

> We of the Royal Canadian Legion were greatly disturbed to find in the reports of your press conference on Tuesday, August 15, no mention whatsoever of action by the government to place war pension rates on an equitable basic formula or to at least grant interim increases immediately.
>
> On four occasions the Legion has set out, in presentations to the government, why we think such pension increases are urgently needed and fully justified. We feel that war pensions should be equated to certain salaries in the government services, as they were in 1920. The interim increase of last September was totally inadequate because the comparable civil servant now receives $1,392 a year more than the disabled pensioner.
>
> Recent Legion provincial command conventions have expressed bitter disappointment at the long delay in establishing an adequate pension rate.
>
> On March 13, 1967, in response to a question concerning the extension of the 15% increase to dependents of disability pensioners, the Minister of Veterans Affairs said:
>
> "First, the delay in adjusting the pensions of veterans is not because of the Woods Report; it is awaiting the report of another nature from

another group in my department which is dealing specifically with pension rates.

Of course the minister has dealt with this in his earlier remarks. The letter and the statement by the minister continue:

I can assure the hon. member and the house that if the report does not come to hand in the fairly near future we shall perhaps have to consider making some adjustment in pension rates in the interim period. I am hoping the report will be to hand in time for this to be avoided, and for an adjustment to be made consistent with some logical basis."

Over five months have passed since the minister's statement, yet the government remains silent.

Mr. MacBeath's letter goes on:

It is highly regrettable that this seemingly insensitive attitude of the federal government does not enable the war disabled and the dependents of those who died to share fully in the glories of our centennial year.

The Royal Canadian Legion is being forced to the conclusion that the men whose sacrifices in war made our centennial possible have been forgotten. We would appreciate tangible evidence that this is not so.

In conclusion, Mr. Chairman, I should like to say that I hope the Prime Minister, the members of the government and especially the Minister of Veterans Affairs will take this letter of Mr. MacBeath's to heart, as well as the protests of the Royal Canadian Legion and the protests of the hundreds of thousands of veterans, so that something will be done for this very special class of citizen very very soon.

Mr. Herridge: Mr. Chairman, under the circumstances I do not intend to take up too much of the time of the house. First of all, I must say I am sure all members of the house, particularly the members of the standing committee on veterans affairs, are interested to hear that the Woods Report is in the minister's hands. I trust that this report soon will be referred to the standing committee so that its contents can be considered as well as representations from the various organizations.

I must say that the minister's reply with regard to the possibility of an increase in pensions was disappointing. I am sure it will be disappointing to the members of the Royal Canadian Legion and other veterans' organizations just as it is to the members of this house and the members of the standing committee on veterans affairs who, I am very pleased to say, throughout the years have treated this question on a non-partisan basis. We have met together during the committee

[Mr. MacRae.]

sessions and have discussed various questions related to pension rates, war veterans allowances, the administration of the Veterans Land Act, and so on, in a completely non-partisan manner. I believe this is indicated by the report the committee made to the house earlier this year when dealing with the question of the complaints of the Hong Kong veterans. I think that, generally speaking, the members of the committee were pleased with the efficient manner in which the officials of the Canadian Pension Commission dealt with this subject by reviewing all these cases.

I must say, however, that the minister's statement tonight was a great disappointment to many of us. I am sure it was a disappointment even to the chairman of the standing committee on veterans affairs in view of his strong plea before the house prior to the adjournment for an increase in these pension and war veterans allowance rates. The hon. member who just spoke quoted from an editorial in the Canadian *Legionary* of September. I will not repeat what he had to say. I do wish, however, to quote the remainder of that editorial which is entitled, "How Much Longer?":

To some these may seem strong words. They are, and justifiably so. If the Prime Minister and the Minister of Veterans Affairs will re-read the latter's statements in *Hansard* since the wholly inadequate and purely "interim" 15 per cent increase last November, they must understand why the Legion is frustrated, apprehensive and deeply disappointed.

There have been too many vague explanations and half-promises, and it is high time that action followed words. Obviously, the "logical basis" mentioned by Mr. Teillet has not yet been found and, as the "fairly near future" to which he referred has long since passed, the least the government can do during the coming session is to implement the D.V.A. minister's assurance that a further "interim" increase will be granted.

The fact that Prime Minister Pearson made no mention at his press conference of any such legislation being contemplated for the fall session is disturbing in the extreme. How much longer must our war disabled wait?

I am sure those sentiments have the support of a good majority of the members of this house regardless of party. I am sure the disappointment will be reflected in the minds of many veterans and their dependents across Canada at this time and all those in Canada who are interested in seeing that the veterans receive just treatment. I am sure all of us look forward to a later statement on this very important issue which we trust the minister will make in the very near future.

During my brief remarks I should like to make a reference to the visit by the members

of the standing committee on veterans affairs to Europe between June 26 and July 17 of 1966. This was the first time a standing committee on veterans affairs from Canada visited Europe for the purposes mentioned. In addition to visiting all the memorials, laying wreaths at these memorials and visiting the various battle fields, the members of the committee had some very interesting and important visits. In France we were paid a visit by the officials of the World Veterans Federation and heard a brief on the objectives and work of this organization. Later, we heard a brief presented by the regional administrator of the Commonwealth War Graves Commission at the headquarters of that organization in Paris. At this time we were informed of the work of the commission, some of which is done under difficult circumstances, and the improvements they intend to make in the various cemeteries and particularly around the war memorial at Vimy. Then, naturally, we attended the Canadian, Commonwealth and allied ceremonies marking the 50th Anniversary of the Battle of the Somme. We also had the opportunity to visit and discuss matters with the officials of the government of Italy, the government of France, and also with representatives of the appropriate government departments of Great Britain.

During these visits we were well informed of the practices and procedures followed by these other organizations. This information will be very helpful in the drafting of legislation in the days ahead which will affect the veterans and their dependents. In Holland, we had an opportunity to hear the representations of certain Canadian veterans who are resident there. The same thing happened in France and Italy. In London we heard from representatives of Canadian veterans in Great Britain. We visited the British Commonwealth ex-Services League Convention and had a briefing on their work throughout the world. We visited the headquarters of the British Ministry of Pensions and National Insurance for a briefing on the British war pensions system and allowances.

• (9:50 p.m.)

In view of the money Canada has contributed, which I understand is about $500,000 a year—this is our quota to the British Commonwealth War Graves Commission—I am quite sure that our visit was welcomed by the commission, by the governments from which we heard representations and by the Canadian veterans in these various countries. I am sure the visits were well worth while and will be of value to the members of this house and the standing committee on veterans affairs when dealing with veterans' legislation in the years ahead.

I trust that in the near future the standing committee on veterans affairs will meet and will have the opportunity to listen to representations from the Royal Canadian Legion, other veterans organizations and that gallant little body, the War Pension Widows Association, which has appeared before the committee throughout the years. I hope that the result of our listening to their representations and the mellowing of the government's heart—I know the minister's heart is in the right place—will be that in the near future we will have amendments to the Canada Pension Act and the War Veterans' Allowance Act which will give justice to our veterans in so far as their pensions and allowances are concerned.

Mr. Bigg: Mr. Chairman, I am pleased to know that the Woods report is being studied in detail. It was a most excellent report. I have a suggestion to make which I think will help the minister and satisfy everybody concerned.

Mr. Teillet: Mr. Chairman, I wonder whether I might interrupt the hon. gentleman at this moment just to clarify a point. If I understood correctly, I believe the hon. member for Kootenay West said that I had the report on hand. I am expecting it momentarily; I do not yet have it on hand. I think that should be clearly understood. I apologize to the hon. member for interrupting him.

Mr. Herridge: Mr. Chairman, would the hon. member mind if I apologized to the minister? I misheard the minister. It was quite unintentional on my part.

Mr. Bigg: I know that the minister has the main body of the Woods report. At least, that is my understanding. Is that correct?

Mr. Teillet: Yes, the evidence.

Mr. Bigg: The Woods report may have been delayed, but I am more concerned about the details of the program and the kind of justice we give to our veterans. I have a suggestion which I think may help the minister. I suggest that we make the payments to the veterans retroactive and that they be reasonable in accordance with what seems to be reasonable in other areas of our Canadian life. I suggest that we raise the veterans

pension by 30 per cent and make it retroactive to last November, when we approved the increases in principle. Our veterans have suffered distress over the past few years. There has been a unanimous recommendation from the committee and all corners of the house, and we can undo some of the injustice done to these men by making the payments retroactive to last November. I am quite sure this would meet with the approval of the legion, the veterans themselves and all members of this house.

Mr. Patterson: Mr. Chairman, I understand there is a disposition to endeavour to conclude this evening the discussion on the estimates of this department. Therefore my remarks will be exceptionally brief. Perhaps my understanding of the situation is incorrect, but that it what I was led to believe.

Mr. Churchill: That is quite incorrect.

Mr. Patterson: We do not have any representative on the standing committee on veterans affairs, but when I had the opportunity of serving on that committee I discovered that partisan considerations had no place whatsoever in the work and activities of the committee. Therefore, I do not have any reason to believe tonight that any matter pertinent to the welfare of the veterans has been overlooked.

However, Mr. Chairman, there are several observations I should like to make in connection with the two matters the minister raised this evening. First of all, I would refer to the Woods commission report and then to the interim increases. All members of the house realize that these matters have been raised on many occasions in the past. Members from all parties, and this includes our party, have asked the minister questions with respect to the date on which he expected the Woods commission report to be tabled.

In spite of all the questions asked we have been unable to obtain a satisfactory answer. I suppose this was because the minister did not know. I believe it is unfortunate that the commission report has been delayed for this long. However, we all recognize the fact that there are many problems involved in this question and perhaps it is better that the commission take a little longer and be sure of its ground before tabling the report.

In the meantime, the veterans have been wondering just what has been going on and what they can hope for when the report of the commission is tabled. We are happy tonight to learn the minister expects to receive the report momentarily.

The other matter relates to interim increases. On several occasions the minister assured us that should the report of this commission be long delayed, further interim increases would be considered. During the summer recess I communicated with the minister, reminded him of the fact that the commission report had been long delayed and asked him to give consideration to the fulfilment of his commitment that consideration would be given to further interim increases. I was once again assured that this matter was under consideration. We have become used to this type of reply from many departments, but at least we are glad the matter is still under consideration and has not been forgotten.

The veterans are greatly disturbed about this delay. Reference has been made tonight to the attitude taken by the veterans organizations. The fact that the president of the Canadian Legion saw fit to write such a letter to the Prime Minister is indicative of the fact they are very disturbed about the whole situation. Therefore, I believe that in fairness to the veterans and in recognition of the promise the minister has made, further interim increases should be made without delay. Only this will prove to the veterans that the Department of Veterans Affairs, the minister and the government are concerned about the plight of the veterans.

There is just one other matter that I should like to mention. It concerns the effect on the pension levels of various other benefits that the veterans may receive. I refer to the income supplement payment and to compensation that may come from workmen's compensation boards, and so on.

• (10:00 p.m.)

It is my understanding that these benefits which accrue to the veterans in recognition of their services and sacrifices are something that the veterans have a right to expect. They were promised that these would be recognized. I do not believe that any other benefit, such as income supplement, compensation or anything else, should interfere in any way with the levels of benefit that the veterans are receiving under the pension rates. These are the matters which I wish to call to the attention of the minister at this time.

The Assistant Deputy Chairman: It being ten o'clock shall I rise, report progress and request leave to sit again at the next sitting of the house?

Mr. Teillet: Mr. Chairman, I understood the house may be disposed to deal with these estimates tonight and I wonder if we might consider that idea. This was my understanding. Perhaps I am mistaken, but I thought if the house were disposed to sit a little longer so as to deal with these estimates it would help the work of the house. Of course, I leave it up to the house.

The Assistant Deputy Chairman: Does the house wish to give unanimous consent to sitting longer?

Mr. Starr: Mr. Chairman, no one has any idea how many hon. members may wish to speak. I notice there are two or three members rising on the government side. I think we have done a good day's work today and possibly we should call it ten o'clock at this time.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I wish to ask the government house leader what are the government's intentions concerning business of the house for tomorrow, and possibly Wednesday so that we can plan our work.

Mr. MacEachen: Tomorrow we will take second reading and committee stage of the bills which resulted from the passage of the resolution on the C.N.R. financing and manpower advisory boards. We will take the manpower and immigration advisory boards bill first and the C.N.R. financing bill second. If we complete these tomorrow at any stage, we will continue with the estimates of the Department of Veterans Affairs. If we complete that, we will take the Department of the Registrar General. I hope that on Wednesday we will begin with one of the resolutions that will be available then. There are three or four resolutions that will be available, one dealing with the Emergency Gold Mining Assistance Act, another with the Post Office Act, especially rates, and another with the establishment of the department of corporate and consumer affairs. I hope that the rest of the week will be filled with the consideration of these resolutions.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

Proceedings on Adjournment Motion

WATER RESOURCES—OTTAWA RIVER—REQUEST FOR POLLUTION CONTROL

Mr. Barry Mather (New Westminster): Mr. Speaker, a few days before we adjourned for the summer recess I attempted on orders of the day to bring to the attention of the Minister of Public Works, who is responsible for affairs in the national capital area, the condition of the Ottawa river with regard to water pollution. Mr. Speaker ruled at that time that the question was not one which was appropriate for discussion on orders of the day and this is the first opportunity I have had to raise the matter again.

However, I should say that a few days after I tried to raise the question in the house on orders of the day I said a few words on a local radio station on this same issue, the pollution of the Ottawa river. Within three days I had received more than 360 letters from people in this area urging that some action be taken by any level of government to end the very serious pollution which existed then, and which I believe still exists, in the national capital area. All of the letters urged that it was needful from the point of view of health and welfare and the prestige of our national capital for some real and immediate action to be taken by a senior level of government.

Since that time, Mr. Speaker, I understand that the federal government has acted to encourage the Quebec and Ontario governments to study this very serious local situation of water pollution in the Ottawa river. I also understand that in some other areas of our country the federal government has undertaken to spend large sums of money to help the authorities combat the singular problem of water pollution.

Water pollution and air pollution are, of course, matters far beyond the competence of any little local authority. I think that in this age it is obvious that these problems require very active, major and early action on the part of the more senior level of government in a planned and co-operative way with the local authorities.

In raising this question again tonight I have in mind the situation in that part of Canada from which I come, the lower mainland of British Columbia, where another major Canadian river flows, the Fraser river. In that area water pollution is also a very serious problem; the Fraser river is becoming almost an open sewer.

I should like to ask two questions tonight. First of all, what is the federal government

doing in the national capital area of Ottawa and Hull to fight water pollution? Second, what is the federal government doing in the many other areas of Canada where this same general problem exists to ensure that there should be a unified and effective effort made to combat this very serious modern problem?

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member for New Westminster asked two questions. The first was: What is the federal government doing in the Ottawa area to combat the very serious problem of pollution? It is doing several things. On behalf of the federal government, the Minister of Energy, Mines and Resources (Mr. Pepin) has offered at the recent meeting of the council of resource ministers, to pay most, and perhaps all, of the cost of a comprehensive study of the problem of pollution in the Ottawa river.

• (10:10 p.m.)

The federal government has also offered, as it has in many other situations, to help finance the cleaning up of the river through the construction of sewage treatment plants.

For some years now the federal government has put up two thirds of the cost of the construction of sewage treatment plants erected by municipalities. These loans have also included a forgiveness clause whereby 25 per cent of this money was later forgiven or cancelled. This amounts to an appreciable subsidy or reduction on the interest rate on money available for this purpose.

An incentive is also contained in legislation which was passed in 1965. The budget of that year gave an incentive with the rapid write-off for all new plant and equipment used for the treatment of liquid wastes leaving industrial plants. The municipalities on the Ontario side of the river have taken avantage of these provisions, both in respect of sewage and, to a lesser degree industrial waste.

On the Quebec side there has been less enthusiasm, despite pressure from provincial authorities for this to be done. In any case, the Minister of Energy, Mines and Resources has written to Premier Daniel Johnson in Quebec and to hon. Mr. J. R. Simonett of Ontario offering to put up 100 percent of the cost of the comprehensive over-all study of the problems of control of the Ottawa river.

The hon. member for New Westminster (Mr. Mather) also asked what the federal government is doing to deal with similar problem situations elsewhere in Canada. It is offering to pay for part or all the research involved in assessing problems in numerous areas. It is doing a great deal right here in Ontario. It is helping to build a research institute in Hamilton which will deal with problems on the great lakes. It is also offering to municipalities in other parts of Canada the forgiveness features on loans for cleanup plants for municipalities and rapid write-offs for industrial plant equipment.

[*Translation*]

TRANSPORT—INQUIRY AS TO PROTECTION AT LEVEL CROSSINGS

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, it is painful to bring back to memory the anniversary of a tragedy which shook the Canadian people in 1966. I am thinking of the railroad accident that occurred at Dorion. A few days hence, a year will have elapsed since the calamity took place in the province of Quebec.

I should like to renew my request once again, at the risk of being considered a bore by the most indulgent parliamentary secretary to the hon. Minister of Transport, the member for Kootenay East (Mr. Byrne) who has always been kind enough to take into consideration whatever requests I have made to him about the improvements to railway crossings.

I insist again this year, Mr. Speaker, because, with the introduction of turbo-train service, which trains travel at extremely high and dangerous speeds, I must ask to what extent the organization responsible for ensuring public safety at grade crossings has considered a much more imaginative policy than that already being applied. The operation of turbo-trains poses a most serious problem and creates considerable difficulties with regard to the safety of the public.

I should also like to know to what extent innovations will be considered in that field. I should like to know to what extent the suggestions and recommendations made by various organizations concerned more particularly with public safety have been taken into consideration.

In my opinion, the situation that must be faced, due to modern technology which makes available to the public those dangerous devices that are becoming essential, is one which, on the other hand, gives rise to problems requiring a solution.

That is why I am appealing once again to the government authorities. I take this opportunity to urge them to show a bit more imagination and to take into account certain recommendations which could be quickly applied, recommendations made by worthwhile organizations, constantly interested in public safety. So, once again, I am asking the new Minister of Transport (Mr. Hellyer) who might take this opportunity, since he is taking on new responsibilities, to give this problem serious consideration and to invent solutions, if he can. I ask him also to make the most of the fact that the former minister, the hon. Mr. Pickersgill, who also showed special interest in these questions when they were brought to his attention, has now become president of the transport commission.

So, Mr. Speaker, counting on the dispatch and the attention of government authorities, I think it is important to show some imagination in the field of public safety in view of the fact that these turbo-trains will surely create problems that will have to be faced.

[*English*]

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I think I must take this occasion to compliment my hon. friend for his tenacity in pursuing this question of safety at railway level crossings. He was concerned about this matter long before the tragic accident at Dorion and I am sure that since he raised this subject on April 18 of this year greater attention has been paid by the C.N.R. in its planning for the implementation of the turbo-train between Montreal and Toronto.

A great deal of consideration has been given to this matter by the officials and the research committee of Canadian National Railways throughout the last several years. The hon. member mentioned that the former minister of transport interested himself a great deal in this question and it goes without saying that in his new position as president of the enlarged transport commission he will have this matter foremost in his mind. I am sure that he, together with our new and energetic Minister of Transport (Mr. Hellyer), will make a combination which will solve this very serious problem.

• (10:20 p.m.)

The introduction of high speed trains will undoubtedly bring additional hazards. I think I said the last time this question was debated that it is unthinkable that we should leave an unguarded railway crossing, or for that matter an unguarded railway line, when trains will reach such high speeds as 120 or 150 miles an hour. I am sure that what the hon. member is doing will bring this more forcibly to the attention of the Prime Minister (Mr. Pearson), the government and the public at large, and again I want to congratulate him for his earnest attention to this matter.

PUBLIC SERVICE—LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

Hon. R. A. Bell (Carleton): Mr. Speaker, tonight on the subject of increases in pensions for retired public servants I speak rather crossly but very deliberately. With other hon. members of the house I have tried to achieve my objective by quiet persuasion and firm argument, but unsuccessfully. I confess to you, sir, that my patience with the government's unbelievable procrastination with respect to increases for retired public servants, members of the armed forces and the R.C.M.P. is totally exhausted.

Mr. Knowles: Hear, hear.

Mr. Bell (Carleton): On this subject my mood has shifted from expectation to exasperation, to indignation, and then to anger. This is not a matter of partisanship in any way whatever. On the record are all the efforts of the hon. member for Winnipeg North Centre (Mr. Knowles), of the hon. member for Ottawa East (Mr. Richard), of other hon. members and of myself to compel action on the part of the government.

What I cannot discover, what I am unable to understand is how to get the members of this dawdling, supine, slumbering, pottering ministry to take a simple, ordinary, straightforward decision—yes or no. The answer the government must give to the unanimous, and I stress unanimous, recommendation of the special joint committee on the public service that there be increases in pensions for retired public servants and equivalent persons is just that—either yes or no.

If it is yes, then bring in the legislation; do it now, and we will pass it in 24 hours or less. If it is no, then treat us as common sense persons and stop beating around the bush with silly evasions about "active consideration," "immediate study," "deep concern," "in due course" and other such sophistries and platitudes which relieve no hardship, and believe me, Mr. Speaker, there are many hardships on the part of retired public servants.

If the government deliberately and consciously intends to flout the will of a joint committee of the Senate and the House of Commons then let it have the courage to say so. At least, we will respect its honesty. We who believe in responsible and parliamentary government will then be ready to test the mood of this house. Any government which would so disregard the plight of so many of its former employees would, in my opinion, deserve ignominious and dishonourable defeat.

The unanimous recommendations of the joint committee presented to parliament on May 8, 1967, almost five months ago, were direct and simple. I read them as follows:

> In the committee's view, the government should do what it reasonably can to protect and preserve, or failing that to restore in some measure the original purchasing power of the contributory pensions which, under the Public Service Superannuation Act, and similar enactments, it has provided for its retired employees.
>
> With this consideration in mind, your committee recommends immediate action by the government, to up-date and extend the provisions of the Public Service Pension Adjustment Act (1959).

Then on the next page I read:

> The committee recommends that any plan to improve the position of these retired employees ... should be capable of quick and early implementation in the form of legislation in the next session of this parliament—

That language is familiar to some members who are in the house tonight. In every particular the joint committee said "immediate," but the government's response has been the most fabulous procrastination of all time.

Where is my good friend, the Minister of Public Works (Mr. McIlraith), whose most important role is that of the hon. member for Ottawa West? Where does he stand on this issue? He is the key to the whole situation. He is the minister of the crown whose views are basically significant.

I invite him to get off his complacent posterior, to stand up for the people he represents, to force an immediate and favourable decision from cabinet. If he cannot get a decision favourable to the public servants, active and retired, of Ottawa West, then he should resign in protest from the cabinet. Deliberately I mix every metaphor to say to the hon. gentleman from Ottawa West that he cannot any longer straddle the fence with an ear to the ground, grinding an axe, until the rust eats into his soul and while his constituents suffer grave hardships.

[Mr. Bell (Carleton).]

Great Britain, France, the United States and most of our own provinces have succeeded in developing formulae to increase pensions of their former employees, without injustice to other citizens. What is wrong with us that we fiddle, faddle, dawdle, and delay? The time for final and decisive action has arrived.

Mr. Speaker, I have spoken in terms indignant and angry. These are the moods I feel. I am sick, tired, and fed up to the teeth with evasion and, beyond anything else, I want action. That is the reason I have spoken with emotion and directness. I say to the hon. gentleman who is to reply tonight, do not give us any more of this run-around, this business of active consideration, or all the other types of evasive action. I say to him, come to grips tonight with the issues—tonight, not next January, not next June, not two years from next June, but tonight.

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, unlike the previous parliamentary secretary I find myself unable to congratulate the hon. member who has just spoken. I am unable to congratulate him for his intemperate speech.

When the hon. member for Carleton (Mr. Bell) earlier today asked this question of the minister and received a straightforward, honest reply to the effect that the government was giving the matter the most serious and diligent attention I was sure that would completely satisfy the house and him. However, we have just heard—I knew what would happen tonight and this was written before I heard the hon. member—that such is not the case in so far as the hon. member is concerned.

I served on the joint committee of the Senate and the House of Commons on the public service along with the hon. member for Carleton who made a very valuable contribution to the deliberations of that committee. The members of the committee worked in harmony. We had the same objectives. As I say, I served on that committee with the hon. member and I now tell him something he already knows; no hon. member and no government is more determined and anxious to work out a feasible proposal which can be spelled out in legislation for the benefit of superannuated civil servants than this Liberal government and its supporters.

Mr. Bell (Carleton): Do it.

Mr. Walker: There is no government that is more determined to work out a feasible,

practical and helpful solution to this problem than the present Liberal administration. Surely, it is not necessary for me to remind anyone that this government has guaranteed to Canadians, including civil servants, that they will not receive less than $105 a month. No government has done as much for those in need as has this Liberal administration.

Mr. Speaker, pensions for superannuates are on the cabinet agenda. They have been discussed at length and with active concern. As soon as a decision is made on a suitable formula that is feasible, practical and helpful, it will be announced in the house.

Mr. Knowles: That was the answer we received on July 7.

Motion agreed to and the house adjourned at 10.32 p.m.

APPENDIX

EXCHANGE OF LETTERS ON RESIGNATION OF HON. J. W. PICKERSGILL

September 5, 1967

The Rt. Hon. L. B. Pearson, M.P.
Prime Minister of Canada,
Ottawa, Ontario.
Dear Mike:

Some time ago, I discussed my possible retirement from public life with you and you were good enough to assure me that if I wished to be president of the Canadian Transport Commission when the time came to set it up, you would recommend my appointment.

As you are aware, the work preparatory to setting up the commission is now largely completed and it will be possible to proclaim part one of the National Transportation Act by mid September with the assurance that the commission can then begin to function immediately.

After a good deal of reflection, I have come to the conclusion that, if you are still of the same mind, I would like to become president of the commission. The position is one which I believe I can fill adequately, and which will give me the opportunity of continued public service for several years. While a demanding and responsible position, it would not involve the same pressures as there are upon a minister of the crown. Though my general health seems to be excellent, I have, as you know, found these pressures very great in the past three years.

I believe it would be in the public interest at this time to have a younger man assume the portfolio of transport and, happily, in the government and in the ranks of your supporters in the House of Commons, there are several who could fill that office as well as I can.

One of the main reasons I agreed to leave the public service and enter public life in 1953, was that I was persuaded by Mr. St. Laurent and Mr. Smallwood that I could make some contribution to a smooth transition of Newfoundland from its earlier status to a full integrated Canadian province. Not only has confederation now been almost universally accepted in Newfoundland, but there are happily several men active in public life today who could represent Newfoundland effectively in the cabinet.

My main reluctance, therefore, in leaving public life is that, in doing so, I shall be breaking that close association I have had with you, in opposition and in government, since you became the leader of the Liberal party. While we have not always seen eye to eye on every public question, I have never faltered in my conviction that our party made a happy choice for Canada in 1958. I have been proud to be associated with you and our other colleagues in the government of our country, and in the indispensable work you have done to strengthen and broaden the foundations of a united Canada, which I believe history will recognize as the greatest of your many public achievements.

Despite my reluctance to sever this relationship which has been a happy one for me, I feel that I should accept the opportunity for somewhat less strenuous public service offered by the presidency of the Canadian Transport Commission and, if you agree, ask you to accept my resignation as Minister of Transport as soon as it is convenient for you to have the commission established.

In doing so, I want to express my deep appreciation of your unfailing understanding and support of my efforts in public life as one of your supporters, and my gratitude for your friendship.

Yours ever,
J. W. Pickersgill

.....

September 11, 1967.

The Honourable J. W. Pickersgill,
Minister of Transport,
Ottawa.
My dear Jack:

I have already told you with what great regret I received your letter of September 5 indicating your desire to retire from the government and your willingness to accept the presidency of the Canadian Transport Commission, an appointment which I discussed with you some time ago.

While I know that this appointment is a most important and responsible one and will give you a further opportunity for public service, I cannot help but feel sad at the thought that it will mean your departure from the cabinet and from the political life of

our country where you have played such an important role for so many years.

I don't suppose there is anybody who is in a better position than I am to appreciate the value of the contribution you have made as a member of the government; to our party when we were in opposition, especially in its parliamentary activities, and to the Canadian public service before that. No one knows better than I do, how much you have given of your great knowledge and outstanding talent; of your energy and your devotion, to the service of this country.

We have been colleagues for more than thirty years in public service and I have valued our close collaboration only less than I have the friendship that has grown up between us as we worked together.

My great regret at your departure, however, is reduced but not removed, by the assurance that our friendship will continue, as well as that close personal association which I value so much.

All the best in the days ahead,

As ever,
L. B. Pearson

HOUSE OF COMMONS

Tuesday, September 26, 1967

The house met at 2.30 p.m.

TRADE

DECLINE IN WHEAT PRICES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I ask leave, seconded by the hon. member for Springfield (Mr. Schreyer), to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely:

The critical situation facing Canadian wheat producers in consequence of the catastrophic decline in wheat prices; the absence at the present time of an international wheat agreement to provide an effective floor price; the sale of large quantities of United States wheat at prices considerably below the floor price stipulated in the proposed sixth international wheat agreement; the decline in orders for Canadian wheat in recent weeks; the increasing danger that the sixth international wheat agreement may not be ratified by reason of the government's failure to reach an agreement with Washington to maintain the price differential between Canadian and United States wheat until such time as a new agreement comes into force.

• (2:40 p.m.)

Mr. Speaker: Would the hon. member for Burnaby-Coquitlam kindly address the Chair and the house on the question of urgency of debate?

Mr. Douglas: Mr. Speaker, the fact that this question is of utmost urgency is best exemplified by the statement of Mr. Chas. W. Gibbings, president of the Saskatoon wheat pool, who said that the wheat producers of Canada now face a crisis greater than any they have faced in over 20 years. The fact is that we have been lulled into a false sense of security. Since April the price of wheat has dropped by some 22 cents a bushel. The farmers are not protected at the present time under an international wheat agreement. The fifth agreement expired on July 31 of this year; the new agreement, if it is ratified, will not be coming into effect until July 1, 1968. In the meantime the United States has been unloading wheat at prices as much as 8 cents a bushel below the floor price in the proposed new agreement.

In spite of this drop in price, orders for Canadian wheat have been declining. The most serious question of all which this house may have to consider is the distinct possibility that the new agreement, the sixth annual agreement, may not be ratified. The period for ratification is set for October 15 to November 30. With prices below the proposed minimum it will be difficult to persuade importing countries to ratify that agreement; yet if the agreement is not ratified the farmers of this country will be without any protection whatsoever, or without any effective protection.

Since this matter affects the whole agricultural economy, since what is involved can represent a serious decline in farm income and have widespread economic implications for Canada as a whole, I submit, Mr. Speaker, that a discussion ought to be held on this matter immediately.

It was said yesterday that the Minister of Trade and Commerce might make a statement on motions. I submit to Your Honour that a statement on motions merely permits a statement to be made by a member from each party. Such a procedure would not provide the opportunity for full debate. It would not give the minister the opportunity to close the debate, to answer questions and to give the house full information.

I think, therefore, this matter is of such urgent importance, not only to the prairie farmers but to the entire Canadian economy, that the business of the house ought to be adjourned to discuss it forthwith.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, may I say as a member of this party that we support the motion of the leader of the New Democratic party. The house may recall that yesterday the first question on orders of the day was directed by this party to the government benches, and it had to do with this very matter. Had we had a clear answer then the Chair and the house would not have been faced with a motion such as this. I say with the greatest respect to the Minister of Trade and Commerce that he was absent yesterday. Now that he has returned no doubt a statement to the house, on behalf of the government, will be forthcoming.

Urgency of Debate on Wheat Prices

I agree with the leader of the New Democratic party about the urgency of debate in regard to this matter. A statement on motions would be totally inadequate. As the leader of the N.D.P. said, we would have statements by a spokesman from each of the parties and that, as you will appreciate Mr. Speaker, would not be a debate. That would be merely responses to a statement.

The Chair will have no trouble in making up its mind about the urgent public importance of this matter. There is no problem there. We know that in the last four or five years grain sales have been higher than at any previous time in the economic history of Canada. I submit that the question Mr. Speaker will have to consider as to urgency of debate is similar to that put to him yesterday, which also dealt with urgency of debate.

May I quote, as others did yesterday from Beauchesne, page 90, paragraph 3 of citation 100:

"Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

This is a most important matter, which affects the economy not only of western Canada but of the whole country. We were led to believe—

Mr. Speaker: Order, please. I have to interrupt the hon. member to remind him that we should not at this point discuss the urgency of the matter itself but rather the urgency of debate; why this subject should be debated today rather than, say, a week from now; why we should adjourn the business of the house to discuss this particular topic. This is really the point to which the hon. member should address his contribution at this time.

Mr. Woolliams: I appreciate your bringing that point to my attention, Mr. Speaker. I was coming to that very point. Until now I have dealt with none of the facts relating to this subject except as they illustrate the urgency of debate.

Some hon. Members: Oh, oh.

Mr. Woolliams: We had no opportunity to raise this matter earlier because the house has been closed for five or six weeks.

An hon. Member: Eleven weeks.

Mr. Woolliams: Eleven weeks. Looking at the list of business before the house it is clear that we shall have no opportunity to discuss this most important subject in the near future. Why is this matter so urgent at this time? In order to emphasize the urgency of debate it is necessary for me to answer that question briefly. It is urgent because until May of this year an international wheat agreement was in effect. On May 16, 1967, we were led to believe that this agreement would be continued. My hon. friend from Humboldt-Melfort-Tisdale put a question to the minister at that time in reply to which the minister said that an international agreement was in force and would continue in force until 1968.

Since the house adjourned it has become apparent that there is no international agreement in operation at the present time. This is why the subject is so urgent; this is why it should be discussed today and not left until tomorrow. Moreover, it has now come to our attention that not only has the price of wheat dropped by 22 cents in the absence of a wheat agreement, but we are losing our markets for Canadian grain. The United States has moved into our export markets, as a result of which we have lost two thirds of our sales to one country alone, Japan.

These facts must be placed before parliament and an explanation given by the government. We are dealing with an industry which in itself makes one of the greatest contributions to our gross national product. It is urgent for that reason alone. There is a crisis in the agricultural industry and there is an economic crisis developing as far as the whole country is concerned because of the special position which wheat sales occupy.

Some hon. Members: Hear, hear.

Mr. Woolliams: Not only western Canada is affected; the industrial centres of eastern Canada are equally concerned, since this is something which involves the purchasing power of our people. I have never risen to speak on a more urgent matter since I have been a member of parliament, and I ask that the business of this house be adjourned so the whole question to which I have referred can be discussed fully, enabling explanations to be given of statements such as were made on May 15 when the minister gave the impression that the agreement would continue in operation. The agreement has now lapsed, and its absence will cost the farmers of western Canada more than $300 million if the situation is not remedied.

Some hon. Members: Hear, hear.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, it is understandable that following the summer adjournment there should be arising matters of public interest which deserve special attention in the early days of the resumed session. Yesterday there was a motion to discuss another serious matter affecting the welfare of Canadian citizens. A similar matter has been raised today.

• (2:50 p.m.)

The normal order of business set down for today involves consideration of two important bills, and we are ready to deal with those today. But if it is agreeable to hon. members opposite, Mr. Speaker, in order to meet the problems posed by yesterday's question and the second one today, I would be agreeable to have the estimates of the Department of Trade and Commerce called tomorrow, which would permit a discussion of this matter.

Mr. Starr: I rise on a question of privilege. The government house leader met me earlier and I wanted to know the business of the house for the balance of the week. He intimated to me that the government was prepared to bring forward the estimates of the Department of Labour, vote 35, so we could discuss housing.

Mr. MacEachen: I do not think there is any misunderstanding here. I did suggest to the hon. member that tomorrow I would be ready to call resolutions, and if that is the wish of the house I would be glad to do that. But if it is necessary and desirable to discuss the price of wheat, tomorrow I will call the estimates of the Department of Trade and Commerce, and on Thursday I would be happy to call the estimates of the Department of Labour so the problems raised yesterday could be discussed then.

Mr. Speaker: Before calling on the hon. member for Edmonton West (Mr. Lambert) who has risen, I might bring to the attention of hon. members that in view of the statement made by the minister I think the situation is resolved and I certainly would have no hesitation in making a ruling. But I see there is great anxiety on the part of the hon. member for Edmonton West to offer some advice to the Chair, and I shall listen to the hon. member.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I suggest that while there appears to be a patina of generosity on the offer of the government house leader, tomorrow there will be only an hour and a half to deal with the whole situation regarding the international wheat agreement. That is the level of consideration that the government suggests be given to the matter.

Mr. McIlraith: We will sit tomorrow night.

Mr. Lambert: Tomorrow is a Wednesday. May I also point out, Mr. Speaker, that these offers to call estimates will mean dealing with these matters during opposition time, matters that should be dealt with by the government, because the time involved will count against the days left to the opposition for the consideration of estimates. Therefore in making these so-called generous offers the minister is giving the house nothing.

Mr. Speaker: I again bring to the attention of hon. members that in my view there is very little to be gained by continuing the debate at this time. I certainly do not wish to prevent hon. members who want to continue, but I remind the house that yesterday we spent 45 minutes debating whether we should have a debate, and we are engaging in the same type of debate today. If this is what hon. members want then I will recognize them. The hon. member for Rosthern.

Some hon. Members: The same old gang.

Mr. E. Nasserden (Rosthern): Mr. Speaker, it is quite interesting to hear the cat-calls from across the way today. On this occasion we have a legitimate complaint in regard to the order of business of the house so far as this particular matter is concerned. There is no more pressing problem to be brought before the parliament of Canada than the loss of sales and the loss in price that have been occasioned by the lack of consideration given this whole matter by the government, and the cavalier manner in which it has been dealt with.

The urgency of debate on this matter is emphasized by the fact that for the first time in six years the carryover of wheat and other grains in Canada has reached 590 million bushels. That is a six year high, and points up what has taken place during the last few years under the present administration.

There is another reason why we should adjourn the normal business of the house. It is one that bothers everyone from western Canada. During the last few days we have seen a member of the Social Credit party cross over to the government benches—

Some hon. Members: Hear, hear.

Mr. Nasserden: —a member of the House of Commons who was opposed to the bulk sales to China—

Mr. Speaker: Order.

Mr. Nasserden: —which sales are necessary at the present time.

Mr. Speaker: Order, please. I find it difficult to relate the argument of the hon. member to the point at issue.

Some hon. Members: Hear, hear

Mr. Nasserden: Mr. Speaker, I shall not attempt to carry on further in view of the reception from the other side of the house. I will say this, however. I was one of those who praised the minister for his attitude with regard to these things when he indicated during the pre-recess period that all was well and that we would be able to maintain prices in the interim period until the next agreement was signed. We took him at his word. We thought he spoke for this government. In the meantime we have had this sorry tale to hear.

Mr. Speaker: Order, please. The hon. member for Okanagan Boundary.

Mr. D. V. Pugh (Okanagan Boundary): With respect to what you just said, Mr. Speaker, I feel there is one further point which should be brought to your attention at this time. In reading your decision of yesterday on a similar motion it seems to me that you stressed the matter of sudden emergency. I should like to bring to your attention that this matter of urgency does come under the heading of a sudden emergency. I believe the sudden emergency is the failure of the minister, through his United States counterpart, to state Canada's position clearly. You further stressed the fact that the whole thing might be a part of such a large subject that perhaps it should be held over for further legislation. But in this case I believe the emergency—the drop in the price of wheat and in wheat sales—demands that we have a full statement in the house and time now to debate the matter.

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I was very perturbed this afternoon to hear the members opposite shout "same old gang". In referring now to the urgency of the wheat situation in western Canada we feel there is no more urgent problem to discuss at the present time. This may not appear to be the case to a good many members of the government who are not familiar with the situation in western Canada. We believe, however, that we are involved in one of the most serious situations to have arisen in many years. I should like to refer today to a quotation—

Mr. Speaker: Order, please. I must remind the hon. member for Assiniboia as gently as I can, and with all good will, that again we are having a discussion which is out of order. This debate is entirely against the spirit of the rules of the house. Standing order 26 provides for a debate if the matter is recognized by the Chair as being of such national urgency that it warrants adjournment of the ordinary business of the house. What hon. members are invited to do at the present time, for the guidance of the Chair, is to indicate whether it is essential that we should set aside the ordinary business of the house for the purpose of discussing this particular matter.

I point out to the hon. member that the statement has been made by the government that time will be made available to discuss this matter. The time allotted may not be as much as hon. members feel should be made available to them for the consideration of this urgent situation, but I must suggest to the hon. member for Assiniboia and others who might wish to follow him that we should make an honest effort to limit these contributions to the matter of urgency of debate and not consider the essence of the subject matter of the motion.

Mr. Watson (Assiniboia): I appreciate your remarks very much, Mr. Speaker. I will be very brief. I should like merely to quote a few figures to back up my belief that this is a very urgent matter. At the present time in western Canada we have no wheat quotas, and we are having one of the shortest crops in a good many years. In May of this year a statement was made in the house to the effect that the price of wheat was going to go up.

• (3:00 p.m.)

Mr. Speaker: Order, please. I do not like to interrupt hon. members, but there must be order in the house and we must attempt to run our business in an orderly way. It seems to me that the type of speech the hon. member has now embarked upon is exactly the same as he might make if the motion were accepted. Certainly at that time the hon. member would be addressing himself to the subject matter of this motion. I submit for the consideration of the hon. member and his

colleagues that the representations he is making are precisely those he would make when the estimates of this department are before the house as proposed by the minister. I should like to ask the hon. member to kindly confine his remarks to the question of the urgency of this debate at this time.

Mr. Watson (Assiniboia): Mr. Speaker, I do not feel I have had an opportunity to impress upon Your Honour and members of the house the real urgency of this matter. I should like to state that because we were led to believe last May that the price of wheat would go up, and because the price of wheat has actually gone down, the farmers of western Canada are facing a very urgent situation at this time. This is a matter which should be debated at the earliest possible moment.

I do not intend to take up any more of the time of the house, but I assure you that the members from western Canada will be anxiously awaiting a debate on this subject tomorrow.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, in view of my impression that you regard as reasonable the offer made by the house leader, the Minister of National Health and Welfare (Mr. MacEachen), namely that this subject matter be discussed tomorrow during our consideration of the estimates of the Department of Trade and Commerce, I should like to say that I hope you are not of the opinion that there is no urgent need for debate at the earliest possible opportunity. The question of urgency does occur not only because of the magnitude of the matter, and this is very important, but also results from the limited time left before ratification of the wheat agreement negotiated last July and August in Rome, namely 14 days.

I might add that there would be no urgency of debate if in the past two weeks the government through its responsible minister had given some clear indication that it was prepared to take some special action regarding this matter. To assist Your Honour to gain some perspective of the urgency, let me point out that in the United States, where wheat production is of less importance to the economy than in Canada, the secretary of agriculture and his colleagues have convened emergency meetings, and the congress of that country has already enacted emergency legislation in respect of this particular matter.

Here in Canada we have had no such indication, only an admission that recent price levels in respect of wheat were "a bit soft". It is this kind of nonchalant treatment of a very important matter that impels many of us here to demand that we debate this matter within 24 hours.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to say a few words about this matter, though they do not necessarily relate to its urgency. It is my belief that if the suggestion proposed by the house leader today should be followed the whole purpose of this standing order will be placed in jeopardy. The minister's suggestion and his remarks were not related to the point of order. It is my belief that the order of the business of this house should be decided in some other way than on the basis of standing order 26.

The motion of the hon. member today was made under that standing order, and if this motion is to be decided on the basis of the suggestion of the minister, then standing order 26 will not serve its purpose. I suggest that Your Honour should not accept this suggestion in reaching your decision in respect of this motion under the standing order. If we follow this practice, similar to the practice followed yesterday, in deciding the order of the business of this house I suggest we will experience a great deal more disorder than we have experienced up to this time.

Mr. Speaker: Order, please. Hon. members will have sensed that in the opinion of the Chair an alternative has been offered by the government, namely an opportunity to discuss the very urgent and important matter raised by this motion during the discussion of the estimates tomorrow. I do not suggest that the time offered is in keeping with the time hon. members of the opposition feel they should have, but in view of standing order 100(3) of Beauchesne's fourth edition I feel I have no alternative but to reject the motion at this time.

ECONOMIC COUNCIL

REQUEST FOR TABLING AND DISTRIBUTION OF FOURTH REPORT

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. In the past when an important committee has made a report to the government it has been normal practice to table that report so the distribution office could make copies available to members of the house almost immediately. I should like to ask the Prime Minister whether he will table the fourth report of the Economic Council of Canada in order that the

distribution office may make copies available to members, and will he do so this afternoon?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have no objection whatsoever to tabling this report, though I should say that this is not the kind of report that is customarily tabled. However, I see no reason why the request should not be granted, and I will look into the matter.

Mr. Starr: This is the normal practice. Could this be done this afternoon?

Mr. Pearson: I will look into this matter right away.

TRADE

WHEAT—SITUATION RESULTING FROM LACK OF INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In view of the fact that tomorrow is a short sitting day, though if there is unanimous consent perhaps we could sit tomorrow evening to discuss this matter of widespread interest regarding the price and marketing of wheat and its effect on farm income, I should like to ask the Prime Minister whether he will consider calling the estimates of the Department of Trade and Commerce this afternoon. I understand that we are to consider the estimates of the Department of Veterans Affairs, but perhaps it would be possible to substitute the other estimates in order that members would then have at least the major part of a day during which to debate what appears to most to be a very important matter.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it has already been indicated that two pieces of legislation are to come before the house this afternoon. I see no reason why we should not proceed with those bills and consider the estimates of the Department of Trade and Commerce tomorrow. If at the conclusion of the debate on those estimates tomorrow at six o'clock the discussion has not been completed, and the house leaders agree this afternoon to sit tomorrow evening, perhaps this would afford a further opportunity.

Mr. Douglas: I should like to ask a supplementary question. Perhaps I should direct this related question to the Minister of Trade and Commerce. Are discussions going on with the secretary of agriculture of the United States regarding the maintenance of a differential between Canadian and United States wheat prices similar to that which obtained under the previous agreement, which it was felt would be obtained under the new agreement?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I think hon. members know I visited Secretary Orville Freeman in Washington. At that time I spoke to him and his officials about the minimum price that was agreed upon at Geneva. As a result of that meeting I think a stronger trend has returned to world markets. The price of wheat has gone up some $2\frac{3}{4}$ cents since that time. We are endeavouring to implement measures to maintain that trend in the price, and I will have more to say about this tomorrow.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I have a supplementary question which I think may help to clarify this matter. On June 5, 1967 as reported at page 1134 of *Hansard,* the Minister of Trade and Commerce left the impression that the old world wheat agreement was still in operation and would continue until July 31, 1968. I should like to ask whether there is an international wheat agreement in operation now and will there be any such agreement governing, controlling and stabilizing the price next year?

Mr. Winters: No, Mr. Speaker; and I think the record is clear in this regard.

The price provisions of the international wheat agreement have lapsed. When I was discussing the Kennedy round earlier this year I made it clear that there would be no agreement covering wheat until the new agreement is ratified next year. In the statement I made at that time I did deal with what I anticipated would be the price of wheat in the meantime. But I made it very clear that world conditions of supply and demand would govern, as indeed they do for most commodities.

Mr. Woolliams: Mr. Speaker, in view of the ministers' reply I rise on a question of privilege. The minister was asked this question on June 5, 1967, by the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp).

Mr. Speaker, this is a very important question and should be answered right now, for the simple reason that the farmers in the west have planted their wheat and are waiting to know where they stand in light of the new wheat agreement.

The answer given by the minister was as follows:

Mr. Speaker, I think I can answer this very briefly. On June 1 our ambassador in Washington did sign on behalf of the government of Canada a protocol extending the administrative articles of the 1962 wheat agreement until July 31, 1968, with provision for earlier termination in the event of a new agreement covering wheat—

I would ask the minister to explain what he means by those two answers.

Mr. Winters: Mr. Speaker—

Mr. Speaker: Order, please. I doubt whether the minister would insist on replying to the argument raised by the hon. member for Bow River. This is obviously not a question of privilege; it is a form of argument which might be raised when this debate is before the house. I suggest that the matter be allowed to rest there until the minister has been given an opportunity to make a statement.

Mr. Winters: Mr. Speaker, I think I should rise on a question of privilege, if I may, to clear that very point. While the framework of the international agreement was continued by that protocol, I made it clear at the same time that this did not apply to the price structure because we in Canada did not agree to a continuation of that low price structure.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I suggest that all these questions of privilege might be considered tomorrow.

[*Translation*]

HOUSING

REQUEST THAT MORE MORTGAGE MONEY BE MADE AVAILABLE

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a question to the Minister of Labour. Is it his intention to give a satisfactory answer to the many requests he has received from house builders associations throughout Canada, asking for an increase in mortgage credits to meet the rising demand of the public?

[*English*]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, that is not a question which I can answer on the orders of the day. I shall be glad to deal with it when the estimates of the Department of Labour come before the house on Thursday.

Inquiries of the Ministry

AGRICULTURE

LEGISLATION TO PROVIDE LOANS FOR AGRICULTURAL FAIRS

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct my question to the Minister of Agriculture. In view of the statements made by the minister in western Canada some time ago and misunderstandings that have arisen from those statements, I should like to ask whether the government proposes to introduce legislation at this session covering loans for agricultural fair purposes.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, there is no intent to bring it in at this session, but subject to the economic and financial dictates of the nation it is hoped that we can bring it in during the spring session.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBERS OF UNDERGROUND MOVEMENT IN WORLD WAR II

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, perhaps I might have the indulgence of the house for one minute to point out that today we have as guests in Your Honour's gallery 14 valorous people, seven ladies and seven gentlemen, representative of 4,000 similar people from eight countries in Europe who during world war II suffered torture and risked death to help several thousand allied airmen escape from occupied Europe.

These people have been brought to Canada for three weeks as the centennial project of the Canadian branch of the Royal Air Forces Escaping Society. I believe the chamber would wish to acknowledge the presence of these noble people who have personally done so much to preserve the democratic freedoms we in Canada all enjoy.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Speaker: On behalf of my colleagues of the House of Commons, I take great pleasure in addressing a warm welcome to these distinguished visitors.

[*English*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Prime Minister whether the

Registrar General was reflecting government position or policy last night when he referred to the possibility of introducing a split-level economy and preparing one set of rules to be applicable to large corporations and another to smaller corporations.

Mr. Knowles: So what's new?

Right Hon. L. B. Pearson (Prime Minister): As I understand it, Mr. Speaker, the Registrar General said this was a subject worthy of consideration by the government, and so it is.

Some hon. Members: Hear, hear.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I should like to ask the Prime Minister a supplementary question. At what point will ministerial statements be accepted by the Prime Minister, and at what point will they be repudiated? I ask this question in view of the fact that this is the second occasion on which this suggestion has been made.

Mr. Pearson: We believe in giving public opinion a chance to express itself on these matters.

Some hon. Members: Oh, oh.

HOUSING

SUGGESTED EFFORTS TO PERSUADE INSURANCE COMPANIES TO INVEST

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Prime Minister. In view of the recently reported success of President Johnson of the United States in persuading the insurance companies of that country to invest $1 billion in low cost housing, does the Prime Minister intend to approach the life insurance companies of this country with a similar aim in view?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think this is a matter the Minister of Labour would be glad to discuss on Thursday.

Mr. Hees: Then, Mr. Speaker, may I direct my question to the Minister of Labour.

Hon. J. R. Nicholson (Minister of Labour): I will be glad to discuss it on Thursday, Mr. Speaker, but I would like—

Some hon. Members: Oh, oh.

Mr. Lambert: Where does the buck stop?

Mr. Speaker: Order, please.

[Mr. Fulton.]

Mr. Hees: Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. Would the Prime Minister give consideration to speaking to the large financial institutions of this country to persuade them that they have a national duty to invest a sufficiently large proportion of their investment portfolios in housing to ensure that the housing needs of this country are adequately met?

Mr. Speaker: Order, please.

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I wish to direct a supplementary question to the Minister of Labour. In view of the increase in the interest rate on government loans it appears that in accordance with the government's formula, the N.H.A. interest rate will go up on October 1. My question is this. Is the government considering changing this formula for automatic revision of the N.H.A. interest rate?

Mr. Nicholson: Mr. Speaker, I would ask the hon. member to restrain his curiosity until Thursday.

TRADE

POTASH—ALLEGED DUMPING BY CANADA ON U.S. MARKET

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, I have a question for our genial Minister of Trade and Commerce. Is the minister yet in a position to report on the alleged dumping of Canadian potash on the United States market, and if and when the report of the United States treasury department is available will he kindly report to the house?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, may I take the question as notice, and I will report on Wednesday.

POWER

COLUMBIA RIVER—ALLEGED DELAY IN FEDERAL PAYMENTS TO B.C.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Energy, Mines and Resources. In view of the fact that Hon. W. A. C. Bennett, premier of British Columbia, is publicly condemning the government of Canada for failing to pay the $12 million owed to British Columbia for completion of the Duncan lake dam July 31 of this year according to the agreement between the federal and provincial

governments with respect to the Columbia river treaty, can the minister inform the house of the facts with respect to this intriguing question?

Mr. Speaker: Order, please. This question might be answered tonight.

EXPO '67

INQUIRY AS TO REIMBURSEMENT FOR INDIVIDUAL LOSSES UNDER LOGEXPO

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, my question is directed to the Minister of Trade and Commerce. I trust it will not be answered on Wednesday; I hope to receive an answer today. The question concerns the problems that have arisen during the recess of the house with respect to the Logexpo situation, the dismissals that have been taking place and the charges of fraud that have been made. Has the government any intention, either alone or in co-operation with the Expo authorities, of reimbursing those who have lost money on reservations that have been made at Logexpo?

[*Translation*]

Mr. Speaker: I think this question should be put on the order paper.

[*English*]

Mr. Langlois (Mégantic): Mr. Speaker, I think this question is still under consideration and being debated by the Expo authorities. Therefore we should like a government opinion on the question.

[*Translation*]

USE OF SITE ON CONCLUSION OF EXHIBITION

On the orders of the day:

Mr. Jean-Pierre Goyer (Dollard): I wish to put a question to the Prime Minister.

Has the government reached a decision on the use of the Expo site after it is closed?

Mr. Speaker: I think this question should be put on the order paper.

[*English*]

HOUSE OF COMMONS

CENTENNIAL TELEVISION SERIES ON PROCESS OF PARLIAMENT

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I too have a question for the Prime

Minister. By way of preface may I remind the right hon. gentleman that before the summer recess he clearly indicated to the former leader of the opposition that arrangements would be put in motion to film the proceedings of this parliament as a centennial series on the part of the Canadian Broadcasting Corporation.

May I ask the right hon. gentleman three short questions. First, where are the cameras? Second, what arrangements have been made to initiate the series? And last, why the delay?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this question is under consideration now by Your Honour, and I am sure you will be glad to deal with it at the earliest possible date, not later than Friday.

BROADCASTING

INQUIRY AS TO INTRODUCTION OF NEW ACT

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, I have a supplementary question for the Secretary of State or perhaps it is more a related question. In view of the considerable disquiet that has existed for many months now in the Canadian Broadcasting Corporation, I wonder how soon we may have the new Broadcasting Act brought before this house.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, it is my understanding that in order to alleviate all sorts of discomfort on that side the Broadcasting Act will be seen early next week—not on Friday, Thursday or Wednesday of this week, but perhaps next week.

Mr. MacDonald (Prince): A further supplementary question, Mr. Speaker. I wonder whether the minister will be good enough also to assure all members of the house that such an important piece of legislation will be referred to the broadcasting committee after first reading.

Miss LaMarsh: Mr. Speaker, I do not think it is likely that the act will be referred back to the committee. As is known by hon. members, some six months were occupied with the question of broadcasting. It may very well be that the clause by clause study will be held in committee in substitution for the house, if that meets with the agreement of the house. However, since the matter has been gone into so exhaustively, and since the committee will be asked to deal with the question of E.T.V. almost simultaneously, it is expected that the

house will deal with a matter of such great importance without the legislation having to go back to committee.

Mr. MacDonald (Prince): A further supplementary question to the Prime Minister. I wonder whether the Prime Minister would give consideration to this matter with his colleagues in light of the interest of many parties who are directly involved with broadcasting and are anxious to deal with the specific legislation before the broadcasting committee when that legislation is brought into this house, if this is to be done next week.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be glad to discuss the matter with the Secretary of State. However, as my hon. friend knows the committee has gone into this matter in great detail, and I believe witnesses have been called. It might meet the wish of the house to deal with the legislation in committee of the whole, but I will be glad to discuss the matter with the Secretary of State.

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I have a supplementary question for the Prime Minister. Since the right hon. gentleman and the Secretary of State appear to be settling most of the problems for the C.B.C., perhaps he can tell me today when they will be building that television station in Saskatoon.

Mr. Pearson: Mr. Speaker, I have nothing to add to what I said on this matter yesterday, which I think was not very satisfactory to my hon. friend. However, I hope to make a more satisfactory statement before long.

OLD AGE SECURITY

INQUIRY AS TO POSSIBLE INCREASE IN PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. In view of increases that have taken place in the cost of living, and in view of the amendment respecting this matter which was written into the Old Age Security Act in 1965, has it been determined that there will be an increase in old age pensions this coming January and, if so, by what amount?

Mr. Speaker: Order. I suggest to the hon. member that the question as asked is much too general in nature, and I do not think it can be asked at this time.

Mr. Knowles: Ten o'clock.

[Miss LaMarsh.]

[*Translation*]

LABOUR RELATIONS

INQUIRY AS TO AMENDMENT OF LEGISLATION

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): I wish to put a question to the Minister of Labour in reference to several grievances raised by the C.N.T.U. as a result of a ruling by the Canada Labour Relations Board.

Is the minister in a position to inform the house whether the government intends to introduce a bill to amend federal legislation on units of negotiations?

[*English*]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, during the summer adjournment I did announce on behalf of the government that it was our intention at the resumed session this fall to introduce a bill proposing certain amendments to the Canada labour relations act. It is our intention to do so, and we hope the bill will be before the house in the not too far distant future. Its contents will be disclosed at that time.

MANPOWER AND IMMIGRATION COUNCIL

PROVISION FOR APPOINTMENT OF MEMBERS, ADVISORY BOARDS, ETC.

Hon. Jean Marchand (Minister of Manpower and Immigration) moved the second reading of Bill No. C-150, to establish a Canada manpower and immigration council.

Mr. Robert McCleave (Halifax): Mr. Speaker, there is a very glaring deficiency in the bill now before us. I had hoped that the minister would speak first in the debate and indicate that this weakness would be cured. Since he did not do so I draw it to the attention of the minister of the house immediately so that we may deal with it when we consider the bill in committee.

The weakness is that there is no connection whatever between the operations of this new and somewhat sprawling bureaucracy being created by the bill and this House of Commons, parliament itself. This should be cured, and I hope that the minister will accept the cure when at a later stage I move on behalf of the official opposition that the new manpower and immigration council be required to report to parliament, the source of its power, the source of the funds which will keep it in

existence, on what it is doing and what sort of policies it is advising the minister to follow. In short, Mr. Speaker, I intend to see that we follow the orthodox practice in establishing a creature of parliament, namely, of retaining some control over that creation. This, to me, is a fatal weakness in the bill as it now stands. According to past and present practice, bodies such as this council which are set up in this way pass from our jurisdiction forever. Only indirectly would we be able to assess its work on the basis of whatever the minister himself chose to report to us.

In my remarks at the resolution stage yesterday I wondered whether the minister had cured some of the previous defects in operation and was bringing in legislation that could properly stand the scrutiny of parliament or whether it was one of those hit or miss efforts that would have to be endlessly corrected before the council could become viable. Alas, Mr. Speaker, my fears are realized. The bill does contain this very glaring omission, one that I think it is the duty and responsibility of each member of parliament to correct. Otherwise we whittle away large chunks of our authority, fail to represent our electorate properly and lose control over government and government bodies.

• (3:30 p.m.)

We tend to leave more and more power to be exercised according to the discretion of ministers and ministerial advisers and less in our own hands. This is a weakness. At the appropriate time I hope to persuade the minister and the house that it is a weakness that must be corrected. Accordingly, to avoid the surprise of a last minute amendment I give notice that I intend to move an amendment at the end of the clause by clause consideration. In this regard I have in mind that part of the Economic Council of Canada Act which requires that body to lay its reports before parliament. The change to be made in this bill, in the clause to which I have reference, will strike out the word "economic" and substitute therefor the words "manpower and immigration". I have said this to give the minister and his advisers information about the type of amendment I shall be moving.

No small step is being taken through this measure. The minister tried to make it appear in his brief intervention that it was a small step. By failing to make a statement on second reading and by failing to answer questions which were quite properly raised by hon. members at the resolution stage, he tried to make it appear that it was indeed a small step.

Here we do not have a small group of people, nor small boards or councils with unimportant functions. In this measure we have a body that will deal with the whole field of manpower and technology. One body is to advise the minister on everything over which he has power to preside. This bill will establish a council of 16 members; it will establish four advisory boards each having 12 members, or 48 persons in all. Under these two categories alone 64 persons are involved. In addition there are the regional and local manpower committees. Their number is not specified. Conceivably the sky could be the limit as to the numbers involved. This government has a reputation for multiplying bureaucracy. By this measure it could proliferate bureaucracy, through these boards or councils or committees that are to be set up, in increasing measure.

I also quarrel with the minister because nowhere are we given an idea of the costs involved. Under the British parliamentary tradition, at the resolution stage we ought to learn the dollars and cents that are involved. We should find out what will be a burden on the treasury. I hope that the minister may be cajoled into making a speech this afternoon and giving us this important information.

Another point worthy of consideration—undoubtedly this is in the minister's mind as the hon. member for Carleton (Mr. Bell) brought it to his attention yesterday—is that this measure may involve the downgrading of experienced employees who are already serving in the minister's department. I know from experience, and the hon. member for Carleton has mentioned this, that employees who were with the department in its national employment service days have been pushed into the background in the operations of the new department. These people may not be the best educated in the world and that is why they have been downgraded. Yet they have played their part. For 20 years or more, in some instances, they have dealt with the serious problems involved in finding jobs for Canadians. Surely their on-the-job training merits a more distinguished fate than that being meted out to them in the manpower offices across Canada.

Mr. Muir (Cape Breton North and Victoria): They are being treated ruthlessly.

Mr. McCleave: As my learned and hon. friend from Cape Breton North and Victoria says, they have been treated ruthlessly. I think that is so. Morale in the department will suffer if such persons continue to feel that

their functions are being usurped or if they feel they are being ignored. I hope the minister will come to grips with these problems of employees who have given long and loyal service. I hope he will make sure that, despite Bill C-150, the incentive of the personnel of the department to come to grips with the technological and other problems the department is facing will not be sapped. The minister and his department should not be absolved from their responsibilities because of the step we are taking this afternoon.

Another fault of the bill—this is almost standard and can be only partly cured by an amendment such as I have suggested—is that it gives an increasing measure of discretionary power. Discretionary powers increasingly appear in the legislation that comes before this house. More and more we are being asked to give our blessing to measures which give wide areas of discretion to ministers of the crown. This is a trend, I suppose, at this point in our history and one cannot completely reverse the tide. Nevertheless, the powers to be given to the minister and the council should be as specific as possible in order that all those serving in this proliferation of councils, boards and committees will know that the parliament of Canada is concerned about what they do and how they recommend that the taxpayers' money be spent.

Finally, sir, I have to say another word about the field of discretion. The minister is going to ask certain bodies to choose members for the council, the boards and perhaps the regional committees. I am wondering what the minister is going to do when it comes to picking certain people from his own province. Will he go to the Confederation of National Trade Unions or the Canadian Labour Congress? Will he send a letter to these bodies, flip a coin, or go to somebody else? I submit that the minister may find himself in a bind on this point.

I repeat, sir, that at the appropriate stage I shall move, seconded by the hon. member for Argenteuil-Deux-Montagnes (Mr. Régimbal), that a new clause be added to this bill so that the council to which the boards must report will be required to lay a report of its proceedings before us. In that way we shall know whether the objectives of this legislation are being met. If I may also borrow a parallel from the Economic Council of Canada, which is not the happiest jewel in the Liberal crown but is a very useful jewel for Canada, I suggest that the council might publish studies and reports as it sees fit for the guidance of the public in the difficult and tremendous problems facing us in the technological decades of the twentieth century.

Mr. Speaker: If the minister speaks now he will close the debate.

• (3:40 p.m.)

Mr. Knowles: On a point of order, Mr. Speaker, I believe the minister had intended to speak at the beginning of this debate but was beaten to the gun by the hon. member for Halifax. Could there not be unanimous consent to let the minister speak now, while still leaving it open for others to speak afterwards should they wish to do so?

Mr. Speaker: If that is the wish of the house, unanimous agreement is first required in order to dispense with the rule.

Some hon. Members: Agreed.

Mr. Speaker: If the minister speaks now he does not close the debate.

Mr. McCleave: Perhaps I should apologize to the minister for being slightly spryer in getting to my feet than he was.

Hon. Jean Marchand (Minister of Manpower and Immigration): The only thing it proves is that the hon. member for Halifax is probably slightly younger than I am.

[*Translation*]

Mr. Speaker, speaking on the resolution preceding the bill now before us, I said that the purpose of the bill is to reorganize the structure of the advisory councils which my department has inherited. The three current organizations which, on the whole, meet only part of the requirements of my department, will be replaced by a single council, the structure and membership of which will correct the failings of the existing organizations.

The legislation provides for the establishment of one main council to advise the minister in all areas under his responsibility. The council shall be made up of one chairman and of a maximum of 15 members appointed for a maximum of three years. Obviously, my hope is to select competent and representative people from their own environment. We shall consult representatives of the principal organizations and of the groups particularly interested in the aims we are seeking to achieve.

The hon. members will note that the role of the council is in no way restricted or limited. Its job will consist in advising the

minister on all matters pertaining to the efficient use and development of manpower resources in Canada, including immigrants and their integration into Canadian life.

I consider myself fortunate in that I can bank—and the same goes for the officials of the department—on the wise counsels of those Canadians who act outside the department. It will facilitate the drawing up of an efficient program to develop an ever greater awareness in management of the ceaseless transformations in manpower needs across the country.

The bill authorizes me to refer to the council any subject whose study is imperative and the council will, of its own initiative, express its views on the important matters it will study. The bill provides for the setting up of four specialized advisory boards which will pass judgment on the work of the department in its main spheres of endeavour, namely vocational training of adults, integration of immigrants into Canadian life, the co-ordination of rehabilitation services and manpower and immigration research.

Moreover, from time to time additional advisory boards will be appointed to deal with special topics falling within the scope of my responsibilities.

[*English*]

The advisory boards will have a chairman and a maximum of 11 other members representave of the major interests concerned with these programs. The chairmen of the specialized advisory boards will also be members of the advisory council, in order to ensure an effective link between the work of the specialized boards and the council.

To ensure that advice on specialized matters is considered within the total framework of manpower and immigration policy, each of the advisory boards will report its conclusions to the council which will pass them to the minister with any comments it feels to be appropriate. The council may, on its initiative, refer matters to any of the advisory boards for their study and advice.

The regional committees now in existence are concerned with the functions of the Canada manpower division in each of the regions. Similarly, the local advisory committees are concerned with the work of the Canada manpower centres. The bill provides for the continuation of such regional and local committees for the purpose of advising and assisting the department in carrying out the functions of its manpower service.

The effectiveness of a public advisory organization depends on providing adequate professional and technical support for their work. My department is currently establishing an advisory council and liaison branch, and a major responsibility of this branch will be to service the advisory council and the specialized advisory boards. It will also ensure that all parts of the department assist in and are informed of the work of the council and boards.

This is a very simple measure, but I believe it will help to increase the sensitivity of government programs and administration to qualified outside opinion. To do that is of special importance to a department dealing as closely with people and their problems as it is the responsibility of the Department of Manpower and Immigration to do. Now I would like to comment on a few of the observations which were made yesterday by certain members of the house.

[*Translation*]

Mr. Speaker, it has been said—I believe by the hon. member for Greenwood (Mr. Brewin) or for Winnipeg North (Mr. Orlikow)—that the number of retrained workers, had decreased under the new manpower training program. And we were given figures.

To give any weight to these statistics, I think it would have been advisable to compare them with those of the preceding years. The hon. member for Greenwood and the member for Winnipeg North would undoubtedly have realized that during the summer period there is always a decrease in the number of workers who follow those courses. There are two reasons for this: first of all because it is summer, and then very often provinces do not offer all the courses they offer during the winter and, second, because of the employment situation, of job opportunities.

Everybody knows that, in Canada, especially in the past years, summer employment has almost reached a peak, especially in certain areas such as Toronto. Now, every time you have employment, that is every time the level of employment gets close to the maximum, fewer workers attend courses. I can assure the hon. members that under the new program, not only there will be—and I hope we shall all be here next winter—as many workers attending classes, but I am convinced their number will be much higher than last year.

• (3:50 p.m.)

Therefore, the explanation is quite simple, Mr. Speaker, and I do not feel it can be

inferred from the fact that the figures have decreased in June, July and August that the new manpower and training program for workers is defective.

Now, I must point out, so as to complete the picture, that certain provinces have shown some reluctance with regard to the new manpower program. Not only was there opposition, but a degree of inaction was also deliberately provoked in some areas, probably to secure some negotiating power with the federal government. This was done not only locally, but the press was also used to show that much discontent existed, that the new manpower program, deemed unacceptable in some areas or in some provinces, would be a disaster for the country as a whole. This is not so, Mr. Speaker, and I believe that relations have now returned to normal.

On July 18, I held a meeting with the provincial ministers, and we agreed on practically all the most important details. In fact, the co-operation which was alluded to in this house yesterday, is an actual fact, and I am sure that it will continue to prevail.

It is obvious that, according to the new policy, Mr. Speaker, we no longer wish and no longer consent to take care at the federal level of tasks which fall under provincial jurisdiction. And I should like one day to see some logic in the policies or political theories advocated by the parties in this house during their conventions. There is nothing wrong in their talking about provincial jurisdiction or provincial autonomy, the two nations concept or the desire of Quebec to be in full control of matters under its jurisdiction, but I would rather they did not criticize the government when it adopts a policy which respects precisely those theories which are exploited more or less everywhere.

But I am convinced, Mr. Speaker, that this new manpower program shall help the workers, and that more of them will profit by it.

The question of language training has been raised, Mr. Speaker, and we certainly do not intend to go systematically into academic or formal training. This field is under provincial jurisdiction, and if some people here want the government to enter this field, they should not only move to amend the constitution to put this under federal jurisdiction, but also have the gumption to do so openly, before the country. However, as long as the constitution remains unamended, we shall leave the educational field under provincial jurisdiction.

This, however, Mr. Speaker, does not mean that we are going to deny to the immigrants the benefits of our laws as to the study of languages, especially French and English. Not only will these benefits not be denied them but we have moreover advised all our manpower offices to comply with any request that might be made to them, provided these requests conform to the aims of our manpower, that is, when the teaching of the language is necessary to enable the applicant to fill a job in Canada. In other terms, this means that all our policy is related to the employment market and to the workers' needs in finding employment; we want them to become able, from a professional or language viewpoint, to obtain remunerative employment in Canada. Therefore, immigrants who need one of the two languages to get a job can take advantage of our programs. For those who want to improve their knowledge of English or French because they live in a bilingual country with two official languages, that is the responsibility of the provinces, and I hope that they will fully assume this responsibility.

Therefore, there is no question of discrimination against immigrants.

Someone mentioned—I think it is the member for Timmins (Mr. Martin)—that some workers were excluded from the manpower training program. No class whatsoever of workers is excluded from our manpower training programs and that is true for miners as for others. However, it will be understood, Mr. Speaker, that we cannot agree automatically every time a worker requests retraining.

That program is designed to enable the workers who are unemployed to find employment and those who have an inferior job to improve their income and develop fully. That is the program's aim. Otherwise, tomorrow a million workers would say: Well, I am a carpenter but I would like to become a welder; or, I am a welder and I would like to become a maintenance man or a millwright. That would not make sense. Thus there must be a demand on the labour market and the individual must be in a position to benefit from our courses. There is no doubt that some workers will be rejected, namely a worker who has a steady job will not be accepted, except for serious reasons, for another course because otherwise it is easy to see what it would mean on the financial level.

In any case, therefore, I feel that this program is comprehensive and that the grievances aired in this house are unfounded, at least in that respect.

Yesterday, I heard members of the opposition express the most conflicting views. First of all, the hon. member for Carleton (Mr.

Bell) rightly urged that the councils should be truly rooted in the population and that the department should not merely be a bureaucracy, but that the people be integrated in the administration of the Department of Manpower and Immigration. I agree with him but, on the other hand, one of his colleagues said that the minister is being deprived of his responsibilities and wants those responsibilities to be shifted on to intermediate bodies or to boards of his own making. Now, I should like to know what is really the policy of the opposition in that field.

As suggested by the hon. member for Halifax (Mr. McCleave), a great number of persons will surely be called upon to sit on those committees. In answer to the hon. member for Carleton, I must say that if the people are to be really represented on those bodies, they must be sought where they are, in the localities, the small towns, in the various areas, and our advisory committees are set up in such a way that all those people may be represented.

I would then suggest to the hon. member for Carleton, and to the hon. member for Halifax, that they might meet to try to determine exactly what their aims are and to see whether they have anything in common as far as manpower policy is concerned.

When I said that this was a rather simple bill, I did not mean to imply that it is not important. Quite the opposite, it is important. It is important, but in substance, that is, as far as the thinking behind it is concerned there is nothing new. Not only is there nothing new but as far as the number of people is concerned, if this can be a relief to the hon. member for Halifax, I do not think there are that many more people sitting on our advisory committees than there were under the former legislation or even under the former government.

When we consider the number of people sitting on the advisory committee of the National Employment Service, the regional offices, the local offices, the Vocational Training Advisory Council, the National Advisory Committee on the Rehabilitation of Disabled Persons, if you add them all together, I hardly believe that we are adding very many people to what existed before. The only thing we are doing is that we are consolidating all these committees so that they may work together.

Mr. Speaker, those manpower problems cannot be kept completely apart. We have employment and training problems, the problem of mentally retarded or disabled persons; there is also the problem of immigration and adjustment of immigrants in this country. All of them constitute a whole and we have been in a position to establish advisory committees which are brought together at a given time to discuss the manpower problem as a whole and not under its various aspects. I believe that is an improvement.

For the establishment of those boards, we took the advice—and this is not an unprecedented fact—of representative bodies.

The member for Halifax (Mr. McCleave) seems to have discovered a problem with regard to the difficulty of choosing between a member of the Confederation of National Trade Unions and a representative of the Canada Labour Congress and he wonders what we are going to do. It has been done here, in Ottawa, for the last 25 years, under every government. When you want someone from the CNTU, you go to the CNTU; if, at the same time, you want someone from the CLC, you ask the CLC to appoint a representative. On the other hand, if you want someone from the Canadian Manufacturers' Association, you go to the officials of that association. Indeed, if that is the only problem the minister has to solve this year, I can assure you we will solve it rapidly. The member need not worry; there are precedents, the way is paved and I need not even strain my imagination to give him that assurance.

• (4:00 p.m.)

Now, the hon. member for Vancouver-Kingsway (Mrs. MacInnis) raised an important question with which we are deeply concerned. However, at this time, I think the problem is solved and the information she has obtained was undoubtedly provided before July 18 last; at least, I suppose so because had she secured this information later than July 18, it would mean that the people who provided her with the information were not aware of the agreements arrived at with the provincial governments.

Let us say that on that date of July 18, we came to an agreement with the provinces, so that they will advise us what training they will be providing to the workers.

There is a list of agreements and, for our part, we have undertaken to fill a given number of places which have been determined through negotiation with the provinces.

So, if there is, shall we say, 50 places in one course, and we have undertaken to take over 40, we will be paying for these places whether they are occupied or not, that is to say we will be giving the school boards and

the municipalities the kind of security that was being asked for yesterday and which they need in order to organize the courses.

So, this important problem is solved. Now, there might be a lack of communication between the province and the school boards. That is possible. But anyway, as far as we are concerned, communication has been established and this problem has been solved.

As for my friend from York East (Mr. Otto) he has raised problems concerning research and knowledge of the environment and he was wondering whether we would be on time with the necessary data concerning changes in the labour market.

As he will realize, there is an advisory committee specially dealing with research and we are trying to set up within the department—unfortunately, it cannot be done overnight, everyone will understand that—possibly one of the best research service in the field of manpower, so that employers may quickly know what the situation is, the workers may know what is the employment problem and whoever is giving the training may know what vocational training to give to meet the requirements of the market.

Therefore, all that is in effect; his remarks have been taken into consideration and I have every reason to believe that he will not complain about the results which we will have.

In general, the matter of cost has been raised. There are nevertheless certain customs in Canada. I know that the trade union people as well as leaders of the employers associations are used to the way of paying people attending meetings of advisory committees. That will be done approximately on the same basis, I think, with the adjustments that may arise from time to time. There is nothing new in that and I see no source of scandal or any other danger for the financial resources of the Canadian government. I do not think that is where abuses might occur.

As far as civil servants are concerned, there has been a change in that department. I apologize for talking a little about the policy of that department as a whole, but very few hon. members talked about the bill yesterday, they talked instead about the manpower and immigration policies, etc. There is no doubt that there were grievances and that some employees were moved.

Integrating the whole department has meant moving people and some were not pleased. Some people had to be transferred from one place to another. Some grievances were justified, others less so. We are doing whatever we can and hon. members can rest assured that it is a problem about which I am rather concerned and that I try to deal with the real grievances, that is to find a solution.

Now, I should like to deal with a point raised by the hon. member for Carleton (Mr. Bell) concerning this close link, or so-called close link, between the needs of manpower and immigration.

If the hon. member for Carleton has read closely the new regulations which will be in force on October 1, he will no doubt find that the immigration policy is linked in a certain way with the manpower policy, but not in an entirely, automatic or direct way. That is, a certain number of points may be allowed for future immigrants who have already secured employment or whose professional services are needed in Canada, but that is only a number of points and some people may come to Canada even if their services are not needed providing they get a sufficient number of points on other items.

While there exists a certain link, it is not such as to limit our immigration policy strictly to our manpower needs in Canada.

Everything will depend on how this policy will be administered. I think that our criteria, our basic principles are sound. Besides, I have every reason to believe that the people of Canada will be satisfied with this policy, if we have the wisdom to follow it properly.

Mr. Speaker, I have not probably answered all the criticisms that have been formulated, but I did at least answer some of them. I had taken notes, but they are so general—I know that it will be possible to complete them when my estimates are discussed because several topics already dealt with will be taken up again. Bill C-150 is obviously an improvement, Mr. Speaker. This bill has nothing revolutionary about it, nothing that is not already known to labour unions, employers' organizations, governments or the public at large. Everything involved is known already.

The last point the hon. member for Halifax (Mr. Forrestall) has mentioned is that this council should report directly to the government. All depends on the character of the council. As we see it, this council will advise the department, and this in order that the population, the people concerned, may convey quickly their views to the department on the various problems that may occur, if the matter has to do with internal economy.

Mr. Speaker, I believe that if all the documents, all the reports made by the local or

regional committees, the specialized committees and the council were to be laid here before parliament, not only would this constitute an enormous mass of paper, but it could also paralyse the operations of the committees.

The employer and labour union representatives on those committees usually sit behind closed doors and their associations, the ones which they sent there, have full powers, rights, privileges to communicate directly with the government, with the members of the house, to make known their general policy. I think that nobody is being frustrated. This is a committee appointed to give advice and counsel to the minister and I think that from the moment you require all the reports to be tabled in the House of Commons, we are changing its character, and from that time on, there will be some rigidity in the reports, in the discussion, which will not benefit the Canadian people.

That is why we believe such a structure, which was always based upon those principles, is still worth while. It is acceptable, it is actually accepted by all union and professional organizations, and when something works well, I think that the hon. members, just like anybody else, would not be interested in changing it just for the sake of making a change. This fact is well recognized.

This is what I had to say, Mr. Speaker, about the criticism which has been expressed. In view of the important matters which will be brought to the attention of this house, even those with which the departments may be concerned, I hope that not too much time is spent on a bill known to the house and which, on the face of it, is quite imperative, I think, and should be approved as quickly as possible.

• (4:10 p.m.)

[English]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, when the minister first entered the house some of us regretted the fact that he did so on the government side, but because of his past record as a fighter for civil rights and as a leader of the working people in an important trade union in his province I think it is fair to say that he came here with more good will on the part of members on both sides of the house than any other minister I can remember in my experience in public life. We were prepared to listen to the minister, give him the benefit of any doubts we had and give him time to implement the very fine expression of principles he enunciated during the early months of his attendance in the house. Let me indicate to the minister that we feel the speech he made today was partisan and obviously in defence of everything his department has done. He ignored all our legitimate questions and criticisms. If he does not intend to take any greater action than he indicated, then any honeymoon there may have been has ended.

My colleague the hon. member for Vancouver-Kingsway (Mrs. MacInnis) asked a series of questions which were directed to her and other members of parliament including Liberals from Vancouver. These questions were not directed to these members by the Social Credit government of British Columbia and I think the minister should realize that my colleague has no particular reason to defend that government. The minister ignored completely the questions she raised and no explanations have been given.

The questions I asked were not directed to me by the Conservative government of Ontario and I have no desire or intention to defend them. I received these questions from officials and others who work for the school board of Ottawa and the board of education in the city of Toronto. They made it very clear to me that they did not wish to become involved in a political battle and I respect their desire in this regard. I made it clear to them that I wanted the official information which they had presented to their boards of education and which is available to every citizen of Canada. That is the kind of information which I presented yesterday.

What did we hear from the minister in this regard? I suggest that all we heard was a defence of three—

Mr. Marchand: Mr. Speaker, I never suggested the hon. member's figures were wrong.

Mr. Orlikow: The minister did not quite say they were wrong, but he did say I used figures for the wrong months and that had I not done so the picture would have been different. I will have more to say in that regard.

First of all, the minister again referred to the constitutional situation and suggested to members that if we were suggesting the bringing of education within the federal responsibility we would then be debating a different thing. None of us made that suggestion yesterday. When we were debating the changes in the Technical and Vocational Training Assistance Act, established by the

former government, which this government decided last year to get out of, we made certain proposals. Members of our party have suggested time and again that we believe there is nothing in the constitution which prevents the government of Canada in co-operation with the provinces from participating in a technical and vocational training program.

It was our belief at that time, and it is still our belief, that it was a disastrous mistake for the government of Canada to get out of this field. However, this government made that decision. The minister spoke very proudly when he stated that the government intended to assume not only 50 per cent but 100 per cent of the responsibility for manpower retraining. He said this was the government's job and that it would be fulfilled. Yesterday I asked how the government intended to fulfil that responsibility.

The minister said that education was the responsibility of the provinces, and I agree. I suggest to the minister, as I have on a number of occasions, that as long as immigration is the responsibility of the federal government and as long as this government follows an aggressive policy of encouraging people to come to Canada from countries in which the native language is not English or French, it is the responsibility of the government of Canada to encourage every single one of these individuals to learn to speak English or French, depending on the area in which they live. This is not the responsibility of the provincial governments, local boards of education, or local school boards. These immigrants should be encouraged to learn to speak English or French as quickly as possible. In this regard the federal government should put its money where its mouth is and indicate to the provinces and local boards of education and school boards that it is prepared to pay for such education.

I am sure the minister has the immigration figures at his fingertips. I do not have them with me but I am sure that this year there has been more immigration to Canada than in any other year since world war II. I note that the Registrar General (Mr. Turner) is as pleased with that situation as I am, but let me repeat that although more people have come to Canada from countries such as Italy, Greece, Portugal, Spain and Germany than ever before, the number of these people attending classes where they may learn to speak English or French has decreased. This is certainly indicated by the figures I received from the Toronto board of education for 1967,

[Mr. Orlikow.]

and the decrease has not occurred only during the summer months.

One of the explanations the minister has put forth for the decrease in the number of people attending retraining classes is that there is more employment. I suggest that is a very weak argument. Speaking from memory—I am sure I am not far out in my percentages—I would say that the number of unemployed in Canada this year compared with last year is down but the decrease in the percentage of unemployed is less than half of 1 per cent in comparison with last year. Surely the minister's explanation has no bearing on the number of immigrants who are attending retraining classes to learn English or French. In fact, in view of the number of immigrants to Canada last year there should be substantially more attending these classes, but the figures show the exact reverse of that situation.

Let me repeat the figures very quickly. In the city of Toronto as of January 31, 1967 there were 2,081 individuals attending the special English for new Canadians classes. In February of the same year the figure was 2,347. In March there were 2,290, in April, 2,271, in May, 2,067, in June, 1,701, in July, 1,479 and in August, 1,137. Although the number of immigrants has increased, these figures represent a decrease of almost 50 per cent.

• (4:20 p.m.)

The minister says we are talking about different months and that in the summer months the numbeer attending goes down. I do not know whether the minister was not listening to me yesterday or his very competent assistants did not take the trouble after we rose to read *Hansard*. I will give the minister the figures for new applications in the city of Toronto from April to September, 1966 and 1967, month by month. Then he cannot say I am comparing apples with oranges; I am comparing the good employment months of this year with the bad employment months of last year.

Let us take these figures month by month and compare 1966 with 1967. In April of 1966 there were 830 applicants for retraining courses in the city of Toronto; in April of this year there were 338. I am not too good at arithmetic, certainly not at rapid calculation, but that looks to me to be a reduction of about 60 per cent. In May of last year there were 805 applicants; this year the number was up to 971. In June of last year—I hope the parliamentary secretary is listening carefully because this is when the program was

beginning to take hold—there were 830 applicants for retraining in Toronto. In June of this year there were 262. In July of last year there were 805 applicants; in July of this year there were 92. That is a reduction of about 85 per cent. In August of last year there were 995 applicants for retraining; this year there were 239. In September of last year there were 1,154 applicants; in September of this year there were 270. So when we were giving the figures we were not pulling them out of the air. We were not trying to doctor them or make the government look bad. We were giving the figures month by month.

I spoke about Ottawa. Let me put those figures on the record again. It should not take the parliamentary secretary very long to check my facts if he wants to do so. Privately I will be very happy to give him the name and telephone number of the person who gave me this information. At the retraining school in Ottawa in September of last year there were between 200 and 300 applicants for retraining courses. In September of this year there were between 30 and 40. That is a reduction of 85 per cent.

There is the situation, Mr. Speaker. We are not saying this because we are happy. We are not saying it because we will gain political capital out of it. We are telling the minister and the government these facts which have been brought to our attention in order that the problem may be alleviated. I know that hon. members on this side of the house will report on their own areas. Other areas have not yet been discussed but the figures there are just as bad as those for Ottawa which I have given. I am sure that when I can contact the proper person in my own city of Winnipeg I will discover that that city has just the same kind of report to make.

We are pointing out these facts to the minister because we have believed for years that the retraining of manpower and the upgrading of the skills of the work force of Canada are of the utmost importance. We thought the situation would improve when the reorganization took place, the department was changed and the minister was given, so far as this house was concerned, virtually a blank cheque to hire the kind of people with the skills that the old national employment service never had, the economists, statisticians and sociologists who are required in any modern manpower program. The minister has been very successful in building up his staff. When the government asked for and obtained the approval of parliament to pay the people who took training courses a living allowance, we hoped this would permit them to continue to take the courses in their entirety without having to stop in the middle because they could not afford to continue, as happened so frequently in the past. We hoped the situation would change. The situation has changed but instead of changing for the better, as most of us expected and as all of us hoped, it has changed for the worse.

I genuinely regret that the minister, having being given the facts as he was yesterday—and I think we gave them in a very straightforward, factual way without any real criticism of the minister or his department—did not come here with answers which would reassure not only the members of the house but the people working in the field, the teachers and principals in charge of the schools who are not concerned about the natural and to be expected wrangles and differences which take place among political parties but want to see a job done. I say with all sincerity that I do not think the teachers, principals and counsellors give two hoots whether the program is being operated or financed by the federal government, the provincial government, the local board of education or the local school board. They are interested in seeing that the people who need assistance in upgrading their skills get that assistance. I tell the minister and the government that these people are heartsick. They do not know what is happening. They do not know why it is happening. All they know is that a program for which they had a great deal of hope has turned sour.

I tell the minister that his explanation today is completely unacceptable to me. When we get to the minister's estimates, at which time we can discuss these matters in considerable detail, we will expect, indeed we will do more than expect, we will demand and insist upon detailed explanations. We do not want the excuses, the glossing over, the brushing under the rug that we got from the minister today. We want a hard, factual explanation from him and the department as to why the number of people who are being retrained in our manpower training centres has gone down so disastrously.

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, I should like to say one or two things in speaking to this legislation. I will be reasonably brief. The first matter arises from a question asked a few moments ago by the hon. member for Halifax (Mr. McCleave). It seems to me that the minister missed the point of the question of that hon. member.

The hon. member asked about the provision for and guarantee of some kind of close parliamentary, financial supervision over the work, operations and expenditures of this new council.

One infers from the remarks of the minister a few moments ago that the four advisory boards being established under the new council—perhaps there will be more than four; I know that part II of the legislation provides for the establishment of additional boards —will in fact be responsible at some stage of their annual operations for making their expenditures known and available to the scrutiny of this house. But the point of the question of the hon. member for Halifax, I believe, was that the over-all council that is being established by this legislation is the agency that should be responsible for making such a report.

• (4:30 p.m.)

Our suggestion, which was contained in the remarks of the hon. member for Halifax, is not that the four advisory boards report to parliament but that the council itself report annually to parliament. The council itself should be required to table its report in the house annually so that strict financial and supervisory control by the members of this house and the people of Canada over the expenditures of this new agency is possible. The people of Canada want to know where their money is being spent today, a fact that I should not think needed underlining in wake of the recent report of the Economic Council of Canada.

This, Mr. Speaker, was the essence of the appeal that was made by the hon. member for Halifax a few moments ago and which I feel has perhaps escaped the attention of the minister. I know that all members on this side of the house, or at least the members of this party, will welcome an answer to this question before we move beyond this stage of the proceedings on this legislation.

I think I am quoting the minister correctly, albeit rather loosely, when I say that he said that the entire program envisioned under this legislation will be linked to the employment needs of the country. This is a welcome announcement. However, I wonder whether the program will be linked even further to the social and economic aspirations of this country. In my view and in the view of many of us it would be helpful, and indeed very reassuring, if some provision could be made which would guarantee a kind of regional representation on this new Canada manpower and immigration council, a provision which would guarantee that various regions of this country which at this time feel that they do not share equitably in immigration and in industral productivity exercises and operatons could aspire to a fair and equitable share of the progress that will no doubt be accomplished nationally in this country in the next few years.

This is not the first time in remarks I have made in this chamber that I have referred to the inequity of regional development in this country, to the fact that various parts of the country are given the opportunity, inadvertently or by design, to benefit to a greater degree economically and socially than other regions such as the prairie region which I represent and regions in the maritime provinces. Therefore I would urge that careful attention be paid to this aspect of Canadian life, both economic and social. I would urge that this new council or agency be specifically charged with the responsibility of obtaining and attaining for itself a fair and equitable geographic representation across the country.

I further urge that some attention be given to extremely close consultation between the new council and the various departments of industry in the provinces of this land, with a view to promoting industrial and economic well-being in individual provinces and regions.

The minister has said that the program is linked to the employment needs of the country. I suggest that the employment needs of the country cannot always be interpreted in surface terms or on the basis of job opportunities which are available or are lacking at the specific time of examination. There are certain known needs in this country. There is a very serious and urgent need for attention to be given to the lagging productivities and economies of specific regions which have not shared so far to their fullest potential in their just desserts and in the prosperity of the country at large.

It seems to me, Mr. Speaker, that when the members of the council and of these advisory committees are concerning themselves with the manpower, employment and immigration problems in a given community or region, they could also take into account the future requirements and the future hopes and aspirations of that region. This can only be done if they work in close consultation with, as I have suggested, the department of industry in the province concerned. I do not think it is too much to hope in this day and age of enlightenment in Canada, this age of progress and relative prosperity, that we can think

ahead in terms of economic and employment needs in regions so that, although they do not perhaps exist at the moment, they can be met adequately and responsibly in the future. This is possible only if some preplanning and anticipatory work is done at this stage. This would mean that in a province like my own, the province of Manitoba, which aspires to supporting a substantial complex of light and medium manufacturing, we could look forward to a pool and well of personnel who would be available to perform certain jobs and staff plants and be able to supply the necessary muscle for industries and other productive enterprises when those enterprises presented themselves.

I think the over-all necessity in regions such as the one I am discussing, others similar to Manitoba, is for an enlightened view or attitude toward the future on the part of this council and all those concerned with manpower and immigration policies in the government of Canada. For it is a vicious circle, Mr. Speaker. When one region attempts to improve its status but lacks both the financial resources and the available manpower to do so, then the one lack feeds the other. In those circumstances a province finds itself in the position of being unable to attract industry because it has not got the manpower and at the same time unable to attract manpower because it has not got the industry. In such a situation, Mr. Speaker, what is necessary is a close and dedicated exercise in co-operation among the provinces, this new council and the advisory bodies which will be set up and which will function under that council, in order to provide for future expansion and to anticipate the future ambitions of regions such as those to which I have referred. I hope that the minister incorporates the same philosophy in the work of the council and of his department.

• (4:40 p.m.)

There are one or two aspects of the conflict with private industry and business to which I should like to refer at this point. I share the anxiety of the hon. member for Halifax who spoke of the proliferation of bureaucracy which is exemplified in the establishment of agencies such as this. I think the hon. member for Prince (Mr. MacDonald) put the case well yesterday with his references to the sovereignty, if you like, of the individual, individual responsibility and the desire of most men and women to care and provide for themselves, and the general attitude prevailing in the country at the present time in relation to big government paternalism. I think there is a tendency in the establishment of agencies such as this toward a climate of paternalism that is more negative than positive in its effects on Canadian enterprise. I would therefore call on the minister to take pains, through his department and through this agency, to co-operate in so far as it is possible and to the greatest degree possible with the private employment services which operate in this area.

In my own city there is located the head office of one of the main private employment agencies of North America and perhaps of the world. Two or three other private employment services also have offices there. I am therefore familiar to some degree with the anxiety which these private companies have felt since the new Department of Manpower and Immigration was organized several months ago. I raise this question. To what degree will the activities of such private agencies be inhibited or to what degree will their freedom be encroached upon by this extension of governmental manpower responsibility and manpower authority?

The private employment agencies, as I am sure the minister would agree, have performed a considerable service in supplying necessary manpower, womanpower and muscle for businesses and industries across this country. One is moved to ask now what the role of these private agencies will be. What will be their future role in an economy which to a greater extent with each passing year, it seems, becomes more and more a guided and managed economy, an economy in which the government has an increasingly large and authoritarian influence and in which the private enterpriser, the private entrepreneur, has, unfortunately, a correspondingly diminishing influence. I wonder whether an attempt has been made on the part of the officers working under the minister to work out with these private agencies a system whereby the private agencies may contribute to the role that the minister envisions his department may perform to improve the manpower situation of the country.

I hope my remarks in this area do not give me the appearance of having been suckled on a creed outworn. In the view of many, particularly in this party, this creed is not yet outworn. A creed that speaks out for an asks for the encouragement of private enterprise at this stage in the development of the Canadian economy is a timely one.

We hope, as the hon. member for Prince suggested yesterday, that this new program is not one of regimentation, authoritarianism

and control. We hope that there will not be regimentation of those persons who will be seeking direction and guidance from the officers of the new offices that are to be established. We hope that any direction to be manifested under this new body will be the kind of direction that will benefit the country as a whole and lead to new opportunities for those individual regions of the country that at the moment lag behind economically. In that way those regions may enjoy their fair share of the national prosperity.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, those of us in this house who are not on the government team quite often enjoy finding flaws or weaknesses in our legislation. Those who devised our parliamentary system, and who wanted it to include an opposition were probably justified in asking the opposition to watch over the measures taken by the government in order to protect the interests of the people who send us here. However, quite often, by dint of opposing the government, a complex seems to develop against all measures proposed.

It is a disease to which we, the independents, are more immune, at least this is so in my case; indeed I must distinguish between the three independents who are in this house, because I have been sent here by my constituents in an effort to co-operate with the government which was elected on November 5 or November 8, 1965—had it been the Conservative government, my attitude would have been the same—to make suggestions as freely as can be done by anyone who does not have to follow the party discipline, who does not have to obey instructions to vote for or against any measure; it is in that frame of mind that I should like to make a few brief remarks to the minister.

I shall, at the outset, make a few laudatory remarks. His earlier statement with regard to the co-operation which he has established between the federal and the provincial governments on matters of education—to use an expression unknown in my time—is groovy. The minister is on solid ground. In short, I consider it as conventional and I think that it will be recognized and supported by the leaders of every province in particular by those of my own province who intend to retain their rights over education, even at the adult level.

And the minister's statement was so clear and straightforward that it might help clarify also any ambiguity which resulted from all

those discussions on semantics in which we have indulged for some time, without any efforts being made to define the words so as to be absolutely sure that we understand one another and that we are talking about the same thing.

I should also like to add another remark which I think the minister will enjoy. I had the opportunity in my own city, in my riding, particularly during the last three months, to witness the operation of the new manpower office where there are thirty or thirty-five employees. And I will tell the minister that our office at home, in Trois-Rivières, is operating with extraordinary efficiency. It is under the direction of competent people who fulfill their role with the kind of zeal I would call missionary.

• (4:50 p.m.)

I was personally struck because for the 20 years I have been in public life, I have had the opportunity to deal almost constantly with the problem of unemployment and I believe that in those 20 years, this is the first time that I find a truly efficient organization doing something to improve the fate of the jobless. I am mentioning my own area but I suppose the same thing occurs elsewhere.

I should nevertheless like to make a few suggestions to the minister. I would like to call to his attention a weakness that is often noticeable on government committees dealing directly with the public. It is not more noticeable at the federal level than at the provincial or the municipal levels; in fact, it occurs in almost all committees dealing directly with the public on such human, urgent and basic problems as livelihood, for instance.

On several occasions, I have noted that on the long run, the members of those organizations become indifferent, so to speak, tired of listening to sad stories all day long; they are sometimes annoyed at finding that the applicants—our constituents—are not always properly attired and are not always duly considerate of those officials who are doing their best, and we happen to learn that the latter fail to meet the most elementary requirements of what I would call human relations. Because of their indifference, they quite often treat their customers as intruders. They forget sometimes that they are dealing with human beings entitled to some consideration, and they sometimes treat them in a cavalier way. Others, having had a thorough explanation of the legislation, go out of their way to try to find in the acts some fine points which would preclude a solution to the problem of the applicant, instead of exerting every possible means to help him.

Therefore, I think that private enterprise has tried to meet that difficulty in having its employees attend courses in salesmanship, self-achievement, human relations, because it knows that if it treats its customers inconsiderately it will lose them to its competitors. On the other hand, the official in municipal, provincial or federal undertakings comes to think that he is appointed for life; he is sure that he will not lose his customers because he operates in an exclusive field, and too often he fails to meet basic responsibilities in the field of human relations. It is obvious in several places; in fact, I have noticed it in unemployment insurance and in welfare offices. I am not saying this, Mr. Speaker, to blame anyone, much less the people in my own riding, since I have just praised them, but I know that happens quite frequently and that is why expressions like "bureaucrat" and "red tape" and all the others which discredit the public servant before public opinion were invented, although in some cases they are justified because the public servant becomes bored, of course, especially when he has to listen to tales of woe all day long.

And now I should like to make a suggestion to the minister—I do not know under what department it could fall, but I think that it should be a service which could have repercussions in all departments—that some human relations courses should be established, which these civil servants would take at least every second or third year; thus they would not tend to act as robots and forget that they are dealing with human beings who have their own pride, their own sensitivity and who, after all, constitute their clientele, in short, with the voters and taxpayers who pay the civil servants their salaries.

Government services or branches too often lack this basic tact. I think we should try to correct this as much as possible.

Now, Mr. Speaker, I often wonder why we always link manpower with immigration.

It seems to me that these are two fields of activity, each of them very broad. I do not deny that there can be some relationship between the two—for instance, for the rehabilitation of immigrants, I am sure there is—but these are two fields of action which are very broad. I will even go further, and though it is none of my business, I will tell the minister that it is too big a burden for him.

Yesterday I heard people praise the late Hon. Guy Favreau. I had read all kinds of comments in the papers, listing the various tasks which were heaped upon Hon. Guy Favreau, and which might have had something to do with his early demise.

We happen to know that the present minister has had health problems in recent months. I wonder if wanting a solution to the manpower problem as well as the immigration problem, two major problems, is not too much to be expected from one man, in addition to what is evidently asked of him, which matter is not official here in the house.

I wonder whether two departments are not indicated because integrating immigrants is quite a job, in that it means teaching them the rudiments of Canadian history, and at least one of the two languages of the two founding peoples, and then watching over them for a few years to help them solve their problems because they may be a bit confused and somewhat like exiles in another land.

The same goes for the manpower problem. It is rather complex. I suggest to the powers that be that two departments should be set up as soon as possible.

Moreover, I see in the government a large number of brilliant young members who would be delighted to accept the responsibility of a ministry. And they would be pleased I believe if there was a diversion. They would like to display their zeal, their ability to deserve eventually some promotions. In my opinion, there would be sufficient work for two ministers and perhaps the present Minister of Manpower and Immigration (Mr. Marchand) would then avert the fate of others. I apologize if I seem a little gloomy, Mr. Speaker, but once again those are things of which I can speak as an independent member, but perhaps everybody could not do the same.

Mr. Speaker, I see in this bill that the following is stated in connection with the powers of the boards:

> The Advisory Board on Adult Occupational Training shall consider and report to the council on any matter within the minister's responsibilities in relation to adult occupational training in Canada.

Now, I would like to call the attention of the minister to one problem which is not being examined enough, I believe, and it is the one concerning people who are too old to find work in manufactures.

And when I say "too old", the minister knows as well as I do, and my colleagues also, that old age begins fairly early nowadays. From the age of 40 or 45, one already finds it difficult to get employment in plants. On the other hand, some people from 60 to 65 years old become pensioners on account of

certain requirements on the part of collective agreements, pension plans, people who are still full of vigour and have experience, who could be useful to this country and who could add to its productivity but whom we condemn to unemployment and inaction, to idleness, with all the evil results that can have on a man's mind and body.

And I would like to see included in the instructions which will be given to this board, one calling for an examination of all questions coming under the jurisdiction of the minister in the field of professional training of adults; I would like to see included an instruction recommending them to take special care of those labourers belonging to the 40, 45, 50, 55 years old or more group, who are still able to work but who, for all kinds of reasons I have no time to indicate here, like automation for example, are unemployed.

• (5:00 p.m.)

I believe tentative experiments have been conducted in this field: people aged 60, 65 and 70 still enjoying a good health and with considerable experience have been successfully working at their jobs, with the result that they can give useful service to their country. In my opinion, we should give those instructions so that this board would deal with this particular problem.

I would like to mention, among others, the duties imparted to the Advisory Board on the Adjustment of Immigrants, and I quote para. 2 of clause 20 in Bill C-150.

> The board shall examine any matter pertaining to the minister where adjustment of the immigrants to Canadian life is concerned and shall report to the council on the aforesaid matter.

I wish to point out a special case which occurred in my own constituency, of which the minister has at least some knowledge, and I imagine that it might very well occur elsewhere.

In my constituency, there was a young immigrant, and in fact he is still there, who come to this country as a student. He attended a course in electricity, at the end of which he had to have six months' training on the job, as required by provincial legislation; otherwise, he would not get his licence as an electrician.

Now, the immigration office has refused him the right to work. I have been involved in this matter for about four or five months now, and I have yet to find out what went wrong, Mr. Speaker. Yet, it seemed so simple to me. I thought at one time that perhaps the immigrant had not clearly explained his position at first; at another time, I thought that the immigration official was so conscientious that he could not grant this student the right to work on account of something he had found somewhere. However, it seems that this six months on the job training period is part of the skill that he sought to acquire here, and if he is sent home without being allowed to work during those six months, he will not be able to leave with some diploma, some certificate of qualification, in brief, any certificate that would allow him to return to his country and be able to show that he is qualified. In any case, there is no lack of jobs for him, as several employers have requested his services.

I mention that case, Mr. Speaker, even though it is a special one that could have been settled in private, because I imagine the same thing could happen in other ridings, in other areas, and I suppose that this advisory board will see to it that organizations providing at least some right of appeal are established, if certain officials prove to be over-zealous.

Now, Mr. Speaker, it may not be in order to raise the following matter, but I crave your indulgence, since it deals nevertheless with unemployment and manpower.

My riding is faced with a problem which must probably exist elsewhere and which results in several persons being unemployed. Such unemployment could be remedied with greater latitude; I am now speaking of the so-called designated areas. In order to be designated, I know that areas must meet several criteria.

Now, in my riding, those conditions are drawn up bearing in mind that the area is urbanized, first of all the city of Trois-Rivières itself and the vast surrounding district. In Trois-Rivières itself salaries are quite high, because we are amongst the largest producers of newsprint in the world. On that basis, it is claimed that the area cannot be declared a designated area.

Now, here is what happens: certain industries could settle around Trois-Rivières, for instance, at Yamachiche, Pointe-du-Lac, Baie-Jolie, Saint-Étienne, and even at Sainte-Marthe-du-Cap which does not lie within my riding but in which I am interested as is my colleague for Champlain (Mr. Matte); but it seems those districts cannot be recognized as designated areas.

If this were achieved, there are a number of concerns which would like to operate in those localities. This would absorb a fair

amount of manpower and would reduce the cost of unemployment insurance while helping the manpower staff to place a rather large number of those who will need their services.

I think that instead of setting up standards for a whole constituency, there should be a readiness to subdivide the constituencies and to study each case on its own merit and then decide that even on the outskirts of a prosperous city, industries could be allowed to benefit from all the advantages accruing the designated areas and to establish themselves at least a few miles from the limits. I am thinking in particular of Trois-Rivières which is at a great disadvantage today because industries which normally would settle there are going very far away.

Without being an underdeveloped area for the time being, I believe, we are nevertheless suffering from an intolerable wave of unemployment.

Mr. Speaker, the question was raised a while ago of requiring the committee to report to the government or parliament. I feel that additional work should not be placed on parliament, which is already sitting nine or ten months a year, and the way things are going, sometimes eleven and soon, twelve months a year. I am satisfied that this committee should report to the minister and it is safe to say that we will be getting the report just as we are getting those of all the committees. We will surely have the opportunity to criticize when the departmental estimates come before us. I feel it would not be practical and that it would only be an opportunity to play politics to discuss every year the internal operations of an organization like the manpower council.

In closing, Mr. Speaker, I repeat that my remarks were made in as constructive a way as possible and that, on the whole, I find that the setting up of this commission is an excellent thing; indeed it has already shown its usefulness even before it came into being through the offices that had been set up. The results will be better known one year from now and we may have the opportunity to make further improvements but, for the time being, I congratulate the minister who directed the drafting of this legislation in which is reflected his long years of experience with labour organizations and which was helpful in securing practical legislation.

Mr. C. A. Gauthier (Roberval): Mr. Speaker, my remarks on Bill No. C-150 will be very brief. First, I must say, that under the present circumstances, I am in favour of the bill which establishes the Canadian council on manpower and immigration as well as the boards connected with it, the advisory boards, and finally the regional and local manpower committees. Besides, those committees existed already. It is simply a duplication, I think, of the committees which existed before which were called unemployment committees and which have become manpower committees. Therefore, in the present circumstances, we cannot object to the principle of the bill.

Of course, if we were not dealing with a central government which continues to take over all provincial powers, taxation powers, we would say: since the field of education is a provincial matter, let us leave it to the provinces. But, since the federal government gets the lion's share of taxes in the provinces, some expedient must necessarily be devised in order to give back to the provinces a few crumbs.

Mr. Speaker, the minister has given us a masterful outline of his bill, and he is certainly qualified to do so, but he did not manage to convince and dazzle those who know how to get down to bed-rock. I believe that even if we have every reason to be satisfied with this bill, it certainly offers food for thought with regard to the future of education in the provinces.

• (5:10 p.m.)

I have always been told that whoever pays the piper calls the shots. This bill allows the provinces to have their say in the sense that they will rent the classrooms and the government will pay the rent, but the government will be the one to decide on the methods used and the courses taught. In other words, the federal government says: if you do as you are told, we will pay. That is the level at which it is said that the federal government encroaches upon the powers of the provinces, particularly in the field of education.

On the other hand, Mr. Speaker, this bill contains something which is thought provoking for, in the present circumstances, it will certainly be of some benefit to our population.

The council will include 16 paid members, four advisory boards, probably composed of about 60 members, as well as regional committees. I see there quite a large army of advisers to the minister because that is what they are called.

I am sure the minister will be well advised with all that well-paid army—even though I do not know what salaries will be paid. But, as always, that will be decided by the government or the minister. The salaries will be

determined and all those people will be handsomely paid. I do not want to seem naïve, but I wonder who will appoint that well-paid group.

In his speech, the minister put partisan considerations aside—as always, I must add—but if you look at the bill closely you will find that it is full of political undertones.

A Canada manpower and immigration council, consisting of a chairman and 15 members, that is 16 members in all, is established. The chairman is appointed to hold office during pleasure for a term not exceeding three years. The members of the council, other than the chairman of the council and the chairmen of the advisory boards must be appointed after consultation with such representative organizations as the governor in council deems appropriate.

All that fine print, after the word consultation, means that politics will have power of veto over the appointment of the chairman and the other members of the council.

We have the same thing here in the case of the advisory boards, all four of them: the advisory board on adult occupational training; the second, the advisory board on the adjustment of immigrants; the third, the advisory board on the co-ordination of rehabilitation services for disabled persons and the advisory board on manpower and immigration research.

Let us have a look at the appointments and be honest with ourselves. I do not hold it against the minister; that is how things have always been done in the house. In the final analysis, the appointments are always political. It is all very well to say that consultations are taking place, but we know what is going on in our ridings. This is nothing new. In my opinion, all commissions previously established, even the unemployment insurance commissions, the former employment and guidance services provided for the unemployed, are so many fine opportunities for a political party to find good positions for its supporters and to run everything.

I would be very happy if once and for all, a new procedure could be devised in order to free those boards from politics and enable them to work conscientiously.

Some of them, even though appointed by the party in power, are conscientious. As a matter of fact, they are staffed by honest people. But others take every opportunity to indulge in what is called petty politics. The first condition for any kind of work to be accepted—and I saw this myself—is that it bears the hallmark of the party.

I mention this to the hon. minister although he is well aware of the situation. I am saying that we want this to stop. Let us look for another method. Today, we have the present minister, things will be different tomorrow, partners will change as well as employees and this will have repercussions throughout Canada. And the province of Quebec is far from being an exception, as the hon. minister knows well enough.

I know that as far as appointments are concerned, there is a lot of work to do. This protection must be eradicated from our laws.

All those who were listening to the hon. minister this afternoon for the first time thought the act was wonderful. But beyond the words of the hon. minister—and he is quite convincing—when the concept of the law is considered we still have this same fear that a skilled person will be passed over and an incompetent person appointed. I know that the hon. minister is aware of this. I know that he is interested in this matter and well aware of the situation, because inefficient people are appointed over the heads of qualified people, as the hon. member for Trois-Rivières (Mr. Mongrain) said a while ago, people who are completely devoid of tact, who have no social notion whatsoever, and who assume responsibilities for such delicate matters as social welfare laws which we are advocating today.

I should now like to say a word about the committees, especially the adult vocational training committee. This is all very well, we are all quite pleased. This commission now bears a new name for it used to deal with the training of unemployed people. When I was the chairman of the school board in my region, I was the first to set up and implement the first training courses for unemployed people. The terms of reference of the commission have been modified year after year. It is still not perfect—at the start it was not perfect but it was a beginning—it is still not ideal, there are abuses still, but I am sure that the more we amend the law, the more hardship those who need it will suffer.

I noticed it again last year, when senior citizens 62 years of age were being taught grade 3 and 4 French. Between you and me, it would have been just as well to pay them a salary for staying home quietly in their rocking chair.

We, the legislators, just seem a little ridiculous because the effects of our legislation

cannot be felt immediately and when we go back to our constituencies and discuss the matter with our constituents in order to learn about the impact of that legislation, sometimes we feel like laughing in view of the possible effects of the legislation.

Insofar as the adult vocational training is concerned, I think that something should be done with regard to the number of courses. Someone might say that guidance in that respect is a provincial responsibility, but since it is done, an overall view of the matter could still be taken. For instance, in my area, instead of holding all the classes in Chicoutimi, some should be held north of the lake so that our people should not have to travel over a long distance; in fact, that would be possible since there are groups of 25 to 30 adults who could attend those classes, and who are now forced to go out of their way in order to do so. I think the attention of the minister should be drawn to this state of affairs, in order to prevent ridiculous situations of this sort. Imagine a worker forced to travel 50 miles to attend his classes, when it could be taught in Saint-Félicien, in Dolbeau, in Roberval, in short, somewhere near so as to accommodate all those interested and save them an unreasonably long trip.

Mr. Speaker, I should like to say a word here concerning the regional committees. As elsewhere, many do their best and others do not. It reminds me a little of the last elections and of the $50,000 or $75,000 which the government had given to the Economic Development Council which was managed in part by the regional committees and which had used this money for purely political ends in the lower Mistassini region. But the minister is not responsible for this, since he did not even know about it.

That is to say that close supervision will have to be exerted so that the purpose of the legislation may be achieved. I am sure that this object would be achieved if less emphasis were placed on political considerations. Even though we do not speak about that any more, parties are still playing politics. The Liberals argue that they do not play politics, but every initiative taken by politicians is politically oriented, and I think this is very bad, when a bill is introduced and especially when people entrusted with the administration of that legislation are people appointed for political considerations, who are often anxious to work for the party concerned.

It is hoped that this bill will achieve its objects and will be to the advantage of the whole working class.

[*English*]

• (5:20 p.m.)

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, it is not my intention to delay unduly the passage of this bill to establish the Canada manpower and immigration council. I listened with interest this afternoon to the comments of the Minister of Manpower and Immigration (Mr. Marchand) as he outlined some of the responsibilities of the council and the advisory boards which can be set up under this bill. It seems to me that some of his remarks could readily be related to problems that come entirely within the authority of the provincial governments. The government has a role to fulfil but I personally believe it can best strengthen confederation if it legislates within its sphere of authority and does not unnecessarily interfere with the rights of the provinces.

There is one aspect of the bill which is of great concern to me. I refer to the right granted to the minister to set up from time to time additional advisory boards as he deems appropriate to deal with any subject within his responsibilities. On the one hand we have heard that the Prime Minister (Mr. Perason) is concerned about government expenditures and is asking the cabinet to curtail unnecessary spending. This is understandable when we consider that despite our present high taxes we still have a budget deficit estimated to amount to some $740 million. Yet here we have a bill which gives the minister carte blanche to set up additional boards whose chairmen must be paid and whose members will be paid a per diem allowance for each day he or she is absent from his or her ordinary place of residence. How many boards are to be established?

Clause 12 of the bill states:

(1) The minister shall establish

(a) an advisory board on adult educational training;

(b) an advisory board on the adjustment of immigrants;

(c) an advisory board on the co-ordination of rehabilitation services for disabled persons; and

(d) an advisory board on manpower and immigration research.

(2) The minister may, from time to time, establish additional advisory boards as he deems appropriate to deal with any subject within his responsibilities as minister.

This would indicate that these boards with 12 members each will have a total of 48 members. In my view this is not the way to

cut down government expenditure; this is not the way in which to curtail government bureaucracy. Let me put my thoughts on record in this regard.

There are 48 appointments to be made which will put these people on the government payroll. This bill is too broad in its scope and the minister is being given powers which I believe to be too wide. Surely the minister has sufficient staff at the present time to advise him on all matters affecting the utilization and development of manpower resources in Canada, including immigrants to Canada and their adjustment to Canadian life, without adding to the number of people on the government payroll. We already have too many officers, if I may use that term, and not enough crew. We already have too many people cutting bait, as we would say in Queens or Lunenburg Counties, and not enough out fishing. I believe that upgrading of our manpower and the retraining of individuals in other skills in order to take advantage of technological changes in our country is necessary, but I caution the minister that overexpanding his department unnecessarily, which could increase the load upon the taxpayers, might create more problems than this measure is designed to solve.

Private enterprise is obviously concerned about the growth of government boards in recent years. There is obviously an overlapping of responsibility between government and industry, and it might well be that the government could utilize the facilities established by private enterprise before expanding into this field of greater control and direction of our economy.

Mr. Max Saltsman (Waterloo South): Mr. Speaker, it seems to me that at this time we have reached a watershed in the debate on manpower. I felt reasonably confident that the minister although he was not in a position to say to the house that all the problems involved in manpower and retraining have been solved, at least was keeping a reasonably open mind about them. We had expectations that he would examine the suggestions we were making and that he would come up with some answers. Certainly no one is better qualified to find those answers and to carry out the objective of a meaningful manpower policy in this country.

In asking myself what is happening at the present time and why a loss of confidence is taking place I can only believe that the government is floundering because of its inability to solve federal-provincial problems. Much of what is going wrong with the manpower policy seems to be the direct result of the attitudes adopted in respect of federal-provincial relationships. The government seems to be trying to create a no-man's land between what is federal jurisdiction and what is provincial jurisdiction.

[Mr. Crouse.]

We can understand that there is a substantial problem in respect of the province of Quebec but we do not know how extensive that problem is. We do not know what the local approach is to such problems. We do know that in the other provinces of Canada this difficulty does not exist to the same degree. There does not seem to be a problem in respect of the other provinces working with the federal government toward a meaningful program.

• (5:30 p.m.)

The attempt to segregate in regard to retraining is disastrous and meaningless. To ask the provinces to assume some narrow definition of education as their responsibility, while the federal government assumes some narrow definition of retraining as its responsibility, simply cannot work. There are a number of reasons for this. We know that in some of the provinces of Canada the effect of retraining and upgrading, whether it involves academic re-education, skills or any other type of education, will contribute to the migration from those provinces to other provinces of this country. In any country this sort of thing takes place. Some provinces are developing at a slower rate than others. Changes are taking place, whether they be in people moving from agriculture to industry or from one industry to another. In effect, by asking some of the provinces of Canada to accept this narrow definition the government is asking them to pay for the export of their people to the advantage of the provinces that receive them later. It just is not an acceptable solution.

The minister is certainly well aware of the fact that when these new regulations in respect of manpower training came into effect the province of Ontario was decidedly unhappy with them. In his speech today the minister suggested there was resistance to the program on the part of the provinces, that they were assuming a bargaining position. But the bargaining position between the federal government and the provincial governments is one that is hurting the very people who need this assistance. The inability of the federal government to come to grips with this problem and solve it will frustrate what is otherwise an opportunity for the development of a first class program.

I am sorry I had to rise and take more of the time of the house today in order to say these few words. I want to use some of my time to read to the minister an article from the Kitchener-Waterloo *Record*. I would not do this if I did not think it was important to bring it to the minister's attention, to reiterate what has been said in other areas of the country and to point out to him the seriousness of the problem, and that his somewhat cavalier attitude today that everything has been resolved and everything is under control is not warranted because this really is not the case.

The article points out that in the Kitchener-Waterloo area, including Galt, Hespeler and Preston, more immigrants settled last year than in any other Ontario city. I think this refers to the city of Kitchener and excludes some of the major cities such as Hamilton and Toronto. The article in the Kitchener-Waterloo *Record* goes on to say:

> This influx of newcomers, however, has created serious problems. Many immigrants are having difficulty learning the English language and consequently are employed at jobs not using the skills for which they were brought to Canada.

The article says in part that we have made very careful rules about the kind of immigrants that are acceptable to this country and qualifications regarding skills are contained in those rules. This is one of the great things for which we are looking in immigrants. Yet when immigrants come to this country, as the article documents, they are set to menial tasks. If this is the policy of the government, if we really want to set immigrants to menial tasks, surely if we are to be logical we should bring in unskilled immigrants for unskilled work, or if we bring in skilled people we should provide them with a sufficient opportunity to practise those skills which are essential to the economy of this country.

Mr. John Zaritsky, who is a young reporter for the *Record*, has done an outstanding job. I should like to read his article because I think it is very important in pointing up the difficulties that are being created by the present attitude of the department in respect of the manpower program. The article starts by saying:

> Sandor N., a recent immigrant to the Twin Cities, spoke not only for himself but for many other immigrants in his application form to attend night school English classes when he wrote:
>
> "I leave in Canada and here everybody speak in English. This language is very important in my work. I am working in office as draftsman. If I no speak English, I cannot work. I am leaving in here Canada three mound ago."

The spelling and the syntax are Sandor's but the message is clear: Sandor needs to learn English quickly if he is going to practise his trade as a draftsman.

It's unlikely however that Sandor will learn fast enough, no matter how hard he studies. For, in the opinion of A. A. Yunker, an English language instructor at the adult education centre, it will take immigrants like Sandor "at least two or three years" to learn English adequately.

It's doubtful Sandor can afford to spend "two or three years" learning English without it being a personal hardship. More likely his language deficiency will force him to give up his present job and get another one as a labourer or something which doesn't require an ability to use English.

Unfortunately, Sandor is not alone in this predicament. There is Bert, a young Dutchman who was an electrician back home. Bert now works as a porter in a local hotel while he learns English.

Jaroslav M. attended university for four years back in his native Czechoslovakia. Jaroslav now is working as a labourer in a local factory.

John D. is another immigrant who attended university in his native Korea. For two years he specialized in biology and animal husbandry. He is now doing factory work.

Seigfried S. was a welder back in Germany. Today he is working on construction in the Twin Cities.

Henry R. was a school teacher in South America for two years before he came to Canada. Today he's a labourer in a local factory.

Pilar G. is another former teacher. For nine years she taught high school in Spain. The only work she does now is baby-sitting.

Hans K., a qualified plumber with a grade 12 education in Germany, is a labourer. Also a labourer is Jaszai M. who attended university for one year in his native Austria.

An air-conditioning engineer prior to immigrating to Canada, Jorg B. is now a mechanic. Chow T. completed secondary school in China but today he washes dishes as a kitchen helper.

Paolo P. was a mechanic back in Italy. He is presently employed as a labourer.

Anna P. worked for five years as an editor of a sports magazine in Poland. Prior to that, she was an office manager. Today she is looking for a job.

Another Pole, Edward M. was a bookkeeper and accountant. He now is a lab technician. Another bookkeeper, with seven years experience, Horst Z., a native of Germany, now does factory work. Also doing factory work is Erika Z., formerly an office clerk in Switzerland.

Dieter K., a baker for six years in Germany, is now a metal polisher. Ioannidis A. worked as an electrician for 12 years in Greece; today he is doing factory work.

Klaus P. was an IBM operator in Germany. He now is a machine operator in a local factory.

All the names listed are immigrants to Canada. Most of them have arrived in the Twin Cities within the last six months. They arrived with different and varying degrees of skills from countries around the world.

But most, because of an inability to speak and understand English, are not now able to work at the trade or occupation they were trained in.

Usually they have been forced to take lower-paying low-skill or labouring jobs. And all have expressed a desire and willingness to learn English.

Mr. Yunker and the staff at the adult education centre sympathize with these immigrants. Mr. Yunker, with 12 years experience teaching English to immigrants, knows how tough it will be for them to learn English.

He knows that many of them will attend the two and a half hour classes three nights a week tired and hungry after working 8 to 12 hours.

"A lot of them don't have time to go home after work. They come here right from work in their work clothes without having eaten supper. It's pretty rough to concentrate under those circumstances."

The article continues:

The advantages of day school classes are numerous. Students spend four times as much time in classes than in night school. There is more continuity between lessons. Day students get less discouraged because they are progressing rapidly.

And because the immigrants are "exceptionally conscientious and well motivated," they learn quickly.

Since its inception, the program has proved to be very successful, said Mr. Yunker. He cited numerous examples of immigrants who, having completed the five-month course, were able to get good jobs which they couldn't have held prior to taking the English classes.

And the costs for such a program are more than made up for by the economic benefits which occur when an immigrant works at a skilled trade or profession.

"If these people are brought to Canada for a purpose, then our job should be to put them into that field as soon as possible. The sooner we get them into the proper field, the sooner they'll be an asset to the country."

• (5:40 p.m.)

But since March 21, the local manpower office, which must refer immigrants to the adult education centre for day English classes, has not sent one immigrant to the centre.

Mr. Yunker and the staff at the centre can't understand why.

I suggest, Mr. Speaker, that neither can the rest of the country. The article goes on to point out another difficulty that immigrants to this country are encountering. It is documented in this way, and I quote from the *Record* again:

A few months ago, an immigrant arrived in the Twin Cities. There was nothing unusual or special about the immigrant, he was just an average sort.

The immigrant, a man in his early 20's, was full of ambition and was willing to do anything to build a future in Canada for his wife and two small children.

[Mr. Saltsman.]

And although he didn't speak or understand English, the immigrant did succeed in finding a job in a local factory shortly after he arrived.

Two and one half months later, disaster struck. The immigrant got caught in a punch press he was operating. Both of his hands had to be amputated.

Company safety officials investigating the unfortunate tragedy believe the accident was caused in large part by the immigrant's inability to understand English.

These things happen, Mr. Speaker, and have happened in this country before. We all know of instances where French Canadians have gone to work in factories where the signs were posted in English and, not understanding the English language, experienced similar difficulties. We are very much concerned about this problem today. As a matter of fact, we are paying a terrible price in national unity today because we did not anticipate and do something about the problem 20 or 30 years ago when it should have been tackled. Let us not make the same mistake with immigrants who come to this country. Surely we have learned something from our history.

I realize that the minister does have some difficulties. I do not know what they are exactly but he must not be complacent about them. I suggest to the minister that he not only investigate further the articles to which I have referred today but that he look at the remainder of these seven articles which document the experiences of immigrants in the twin city area. It does not make very pleasant reading. I suggest that unless something is done about this situation our whole manpower and immigration policy in this country will be seriously jeopardized. We will also lose that great degree of sympathy which now exists for the work that has been undertaken in this direction.

I suggest to the minister that he rethink this problem, that he not be tied to the idea that because one province feels it cannot go along with a certain program every other province in Canada must take the same medicine. Surely such an approach is not the answer. There must be some way to satisfy the natural and legitimate aspirations of a province which is different, one which has different objectives and outlooks from other provinces in Canada, without forcing the provinces which wish to co-operate with the federal government in a combined program to adopt a similar stand. This to me does not seem to be the way to get a good manpower policy or to strengthen confederation. This to me seems to be an abdication of the responsibility of the federal government in this field

and a very convenient way of saying that the provinces are trying to gain a bargaining position with the federal government. I hope that the minister will not think I am so naïve as not to recognize that a certain amount of jockeying does take place not only among the provinces themselves but between the provinces and the federal government. We recognize that as a fact of life. But again that is not the issue.

We think that the federal government has not provided leadership in this field, that it has been somewhat irresponsible in bringing immigrants to this country and not following through in a way which is clearly within the jurisdiction of the federal government and certainly within the area of its moral obligation. This applies not only to retraining; it applies to housing, to the kind of promises which are made, the advertising which takes place and the recruiters that we are sending to other countries in the world. We are not being fair. I suggest that it is time for fairness in this country and time for leadership on the part of the government in the whole field of manpower and immigration.

The Acting Speaker (Mr. Tardif): If the minister speaks now he will close the debate.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I will be brief. I will start by answering the hon. member for Waterloo South (Mr. Saltsman). I do not think I said—I was speaking French at the time and there might have been some slight difference in the English translation —that everything in my department was perfect, that there were no frictions or deficiences at all, because I know that there are. We cannot make changes of the magnitude of those we have made without encountering some trouble somewhere or making adaptations.

This new program came into effect only on April 1, 1967, not five years but six months ago. In the field of adult training, we are still operating under the old agreement for another year, so I think it is a little soon to state in the house that this program is a failure simply because during the last five or six months it did not correspond exactly to what hon. members had in mind. So many things had to be changed that I am ready to accept that there are some well-founded grievances concerning our training program.

I do not know how many times I will have to repeat this, Mr. Speaker, but may I say to the hon. member for Waterloo South that if it is true that a skilled immigrant cannot use his skill in Canada because he cannot speak one of the two official languages, then that person is entitled to apply for a course under this retraining program. If this policy is not adopted by any particular centre then it is not following the instructions which have been given to it. This is our policy, and we are ready to assume the expenses incurred and to pay allowances if such an immigrant needs language instruction before he can use his skill.

Mr. Saltsman: Tomorrow we will put it to the test.

Mr. Marchand: Yes. If hon. members want me to repeat that in French so that it is very clear I am ready to do so. However, I think we have a good translation service here. As I say, this program is not perfect. Probably no one will ever produce a perfect program of this sort. But I think it is a sound program and that it will achieve the objectives that are outlined in the legislation.

I do not think that the problem of federal-provincial relations at this stage has anything to do with the development of this program. I think that all our differences were settled at the last conference which was held in July, and I have every reason to believe that the program will go down well with all provinces, including the hon. member's province. I know that in Newfoundland they are happy. Hon. members may say that they have to be happy anyhow but nevertheless they are happy. That is so in many other provinces. In Quebec we have formed a consultative committee for training adults, and everything will be all right. I think within a few months the program will take shape. It will not be perfect; one must remember that. There will still be grievances. We shall have grievances all the time, but it will really become the program that I thought it would be.

• (5:50 p.m.)

Concerning the private agencies may I say that it is not the purpose of my department to kill such private agencies. But I do want our placement offices and our Canada manpower centres to do an efficient and good job. If the private agencies cannot compete it means that they do not have the spirit of private enterprise. We are not going to kill them. That is not our intention. They have their roles and I think some of them are useful to the country. I am sure they can compete very successfully with our Canada manpower centres. As a result they will continue serving. We do not intend to destroy them but we do want

efficient manpower centres to give the service for which employers and employees are waiting.

With regard to expenses there is an amount in my estimates of $120,000 for the council and the advisory boards. This is the limit. We cannot spend more money than that. If we want more we must come back to the house and explain why. So there is no limitless provision in the bill which would authorize the minister or anybody else to spend any amount of money.

We have indicated in the bill that we want authority to set up special boards. Let us look at it this way. Suppose we have problems with the mobility grants program; you and I may agree that we should have a special board to deal with them within the limits which are indicated in the estimates. I do not see why, because there are certain provisions giving certain powers, it should be said that the government has a blank cheque. That is not so. We are limited and if I want to set up new boards I must take into account the amount of money that is left in the authorization given by the house. There is no such danger as the hon. member sees. Everything is under control. The Auditor General has the authority to supervise and look into these expenses as well as other expenses.

Mr. Nielsen: After the money is spent.

Mr. Marchand: It is the usual procedure. If the hon. member wants to change the whole structure of government I have no objection. Perhaps we shall be in agreement.

Mr. Nielsen: The minister will be welcome.

Mr. Marchand: In any event, I do not think there is any specific danger concerning finance.

Someone else spoke about regional problems. There are regional problems; that is why we divided Canada into five regions. Each region has the maximum autonomy. We have taken into account the specific problems of each region of Canada.

[*Translation*]

I thank the hon. member for Trois-Rivières (Mr. Mongrain) for what he said about the bill and the department. Old people, at least those we call old people, are a problem and I think that within the framework set up by this bill it is possible to study and give special consideration to that problem as well as to that of young people, and to all the special problems which arise in the field of manpower.

Now, about training, I must say that most of the difficulties—I fail to recall the case he mentioned—stem from the fact that training comes under provincial jurisdiction as well as all the professional associations and associations, and it happens that immigrants have difficulties not because of us but because of the regulations concerning training or membership in professional associations.

Now, with regard to the member for Roberval (Mr. Gauthier) who fears political appointments, Mr. Speaker, I feel that those who know the bill and all those who have held the post I am now filling know full well that it is impossible to pull political strings. A while ago, it was pointed out to me that it was a good place for friends. Indeed, it is a very poor one, in fact the worst one of all. If the C.L.C. is to be represented, it will not accept that we appoint its representative; the congress will do so themselves. The same applies to the Confederation of National Trade Unions, as well as to the Canadian Manufacturers' Association. It is really not the place for patronage. If there is any place where it is impossible to have patronage this is it, this is the type of representative council; free organizations in our land will not allow the government to appoint their representatives. This is not true under this government any more than it was under the former government.

However, I think the hon. member for Roberval, who is not here, unfortunately, is mistaken. Those who believe that the growing number of councils will give the government more opportunities for patronage, do not understand the workings of such bodies, and I think that if they consulted with the hon. member for Ontario (Mr. Starr), they would not doubt the veracity of my statement.

In any event, Mr. Speaker, we are faced, I think, with a bill that may not be altogether perfect but that provides the utmost guarantee under the circumstances and improves on what was previously available. In my estimation, the house should approve it, and after a while, we could see if it fulfils our hopes.

[*English*]

The Acting Speaker (Mr. Tardif): Is the house ready for the question?

Some hon. Members: Agreed.

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

On clause 2—*Definitions.*

The Assistant Deputy Chairman: Shall clause 2 carry?

An hon. Member: Six o'clock.

The Assistant Deputy Chairman: It being six o'clock I do now leave the chair.

ECONOMIC COUNCIL

TABLING OF FOURTH ANNUAL REVIEW

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, may we revert to motions in order to table the fourth annual review of the Economic Council of Canada, as requested by the Leader of the Opposition?

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Does the minister have leave to table the document now?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being six o'clock the house will proceed with the consideration of private members' business as listed on today's order paper, namely, private bills and public bills.

PRIVATE BILLS

Mr. Frank Howard (Skeena): Mr. Speaker, before you call any of the items may I raise a point of order. I draw your attention to an anomaly on the order paper with respect to the items under private bills. I do so because there is one entry which is perhaps in error. If there is an error it may well be we shall need to look more closely at the listing of the other items in order to find out whether there are errors in regard to them as well. I notice that item 8 under date of July 4, 1967 is listed as follows:

● (6:00 p.m.)

Second reading of Bill S-15, An Act to incorporate Seaboard Finance Company of Canada—Mr. Cameron (High Park).

This is followed by an indication that the bill is printed in both English and French. If Your Honour will now look at item 11 under

Two Entries For Same Bill

the same heading of business you will find there under date of July 7, 1967, the following.

Second reading of Bill S-15, An Act to incorporate Seaboard Finance Company of Canada—Mr. Cameron (High Park).

Again there is an indication that the bill is printed in both English and French. This, Mr. Speaker, is a company which failed to secure a charter last session. Perhaps it wants to have two tries this time in the hope that one of these bills will get through.

I cannot believe that it is in order to have the same bill, and this is obviously the same bill, listed twice. I draw this matter to Your Honour's attention so that something may be done about it.

Mr. A. J. P. Cameron (High Park): Mr. Speaker, the hon. member for Skeena is perfectly correct. An error has occurred. Accordingly, I should like to move, seconded by the hon. member for York-Scarborough (Mr. Stanbury):

That as Bill S-15, an Act to incorporate Seaboard Finance Company of Canada, was received irregularly in this House on July 4th last, the entry in *Votes and Proceedings* for that date, as well as item No. 8 under "Private Bills" on today's Order Paper in relation thereto, be deleted.

I think this will correct the error to which the hon. member for Skeena has referred.

Mr. Deputy Speaker: The hon. member for High Park needs leave of the house to move this motion. Does the house grant such leave?

Mr. Howard: Before leave is granted may I make a suggestion? I have no objection to the motion but as the hon. member who moved it is entitled to speak first on it I wonder whether in doing so he could explain to us how this error arose in order that we may be fully apprised of the circumstances.

Mr. Cameron (High Park): I am sorry, but I do not know how the error occurred. I noticed when I read the order paper yesterday that the bill was set down twice. Mistakes of this kind do occur occasionally, though we know that the branch which deals with private members' bills is very careful in what it does. This is one of those unfortunate errors which do occur and I would ask the house to give the necessary leave to present this motion.

Mr. Deputy Speaker: Does the house give leave to the hon. member for High Park to move this motion?

Some hon. Members: Agreed

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Mr. Deputy Speaker: It would appear to the Chair that there has been a slight clerical error which could be corrected by the adoption of this motion.

Mr. Howard: Perhaps I could rise to comment on this situation. Could I ask for a copy of the motion? We do not have it before us and there is a technical aspect which may require reference to *Votes and Proceedings* as one of the documents to which reference is made. In addition, a copy of the motion would be helpful to us because it may be our desire to move an amendment to it. I will take the liberty of reading the motion aloud so that we may know exactly what it says.

That as Bill S-15, an Act to incorporate Seaboard Finance Company of Canada, was received irregularly in this House on July 4th last, the entry in *Votes and Proceedings* for that date, as well as item No. 8 under "Private Bills" on today's order paper in relation thereto, be deleted.

The first point I should like to raise with respect to this motion is that its contents are perhaps a little irregular inasmuch as the wording adopted incorporates within it reasons in favour of the motion. There is a sort of preamble incorporated within the motion itself and I am doubtful as to its regularity. I think it would be more in keeping with the procedure we follow if the motion were simply to ask that the entry in *Votes and Proceedings* as well as item No. 8 under private bills on today's order paper be deleted, thus removing the explanation that Bill S-15 was received irregularly in this house on July 4 last.

I do not wish to be picayune but I suggest this is a matter which should give the Chair cause for reflection. As I understand it, we do not follow the practice of including preambles in motions which are actually moved. It occurs to me that the mover of the motion might consider amending it so as to bring it in line with what I believe to be the standard practice here, namely, that a motion shall set out the decision of the house to do a certain thing without explaining the reasons for taking such action.

Votes and Proceedings for July 4 contain the following entry at page 305:

A Message was received from the Senate informing the House that the Senate had passed the following bills, to which the concurrence of this House is desired:

Reference is then made to several bills including "Bill S-15, An Act to incorporate Seaboard Finance Company of Canada—Mr. Cameron (High Park)." The difficulty we encounter is that the last meeting of the house before the recess took place on July 7, the date on which a further message was received from the Senate in precisely the same words as the previous message. I quote from page 332 of *Votes and Proceedings* of July 7:

A Message was received from the Senate informing the House that the Senate had passed the following bills, to which the concurrence of this House is desired:

Among them appears the following:

Bill S-15, An Act to incorporate Seaboard Finance Company of Canada—Mr. Cameron (High Park).

In each case, both on July 4 and on July 7, the house made a decision that the bill was deemed to have been read a first time and ordered for second reading at the next sitting of the house pursuant to standing order 103(2). This is the way I see the situation. Because July 7 was the last day of the session before the summer recess, this matter escaped the notice of those who have any dealings with the preparation of the order paper and the receipt of information from the Senate. I attach no blame whatsoever to anybody with regard to the handling of this matter. It was one of those things that came in at the last minute. Perhaps all we can do now is correct the error in this way. However, this leaves suspect the operations of the Senate because presumably somebody in the Senate dispatched the messages on both July 4 and July 7 indicating that the Senate had taken certain action in respect of this bill on two separate days.

• (6:10 p.m.)

This puts a cloud over the proceedings with respect to the particular item before us. The absence of any explanation of the irregularity—the hon. member for High Park offered none even upon request, having indicated he did not know why the error took place—puts us in even more of a quandary and we are entitled to ask ourselves now whether the proper motion is before us. Should we be deleting the item under date of July 4 or the item under date of July 7? Which is the correct one? Did the Senate give third reading to the bill and send us a message? Presumably it did. In fact it duplicated its decision, but we are entitled to ask which is the correct decision of the Senate.

Was the correct message dispatched on July 4 or was the correct message dispatched on July 7? We have not been given any indication which is correct except that the sponsor

of the bill, the hon. member for High Park, has incorporated in his motion a reference to July 4 as being the incorrect date. But when he was asked to explain the irregularity he said he did not know the reason.

Perhaps this July 4 date came out of the air. Perhaps somebody placed it in the hands of the hon. member for High Park who, without explaining the reason why that date was chosen, simply by declaration in his motion says that the bill was received irregularly on that particular date.

I submit that before we make a decision about this matter we are entitled to know specifically why that message was received irregularly on July 4 and we are entitled to know if in fact it was received irregularly on July 4. *Votes and Proceedings,* which is our guide here in the absence of any other formal explanation or guidance, is clear. I do not intend to read it again but it indicates clearly that the house received a message from the Senate on July 4 with respect to Bill S-15 indicating that it had been passed by the Senate and asking this house to concur, which is the standard and formal way of doing business between the two houses so far as bills are concerned. Then on July 7 the house received an identical message from the Senate without any indication from the Senate that the previous message was incorrect.

I am not casting any reflections on the integrity of the hon. member for High Park with respect to this matter but I simply say that to ask the house upon his words, as expressed by way of this motion, to make a decision that it received something irregularly on a certain date, without any substantiation therefor and without any communication from the Senate, would in effect be saying to the Senate: You do not know what you are doing. I say there may be great validity in that on more than one occasion but in effect by adopting the motion we would be saying: You, the Senate of Canada, a portion of this legislative body, the parliament of Canada, which by precedence if nothing else has a higher standing than the House of Commons, made a mistake on July 4, 1967, with respect to a particular bill. We do not have any intimation from the Senate that this is the case.

Simply being presented with a motion declaring we received something irregularly on a particular date, without any formal communication between the two houses, leaves us in the position that we should either reject the motion and leave things as they are until the situation is cleared up or we should amend the motion to wipe both of the items off the order paper because one of them is irregular. I think our proper course is to amend the motion to include both dates and put the Senate back in the position of doing the thing correctly.

Accordingly I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron):

> Strike out all words after the word "last" and substitute the following:
> "and the same bill was introduced on July 7 and appears as item No. 11 on the order paper for September 26, the entries in the *Votes and Proceedings* for the dates of July 4 and July 7 as well as the items Nos. 8 and 11 under "Private Bills" on today's order paper, in relation thereto, be deleted."

Unfortunately, Mr. Speaker, we have only one copy of the amendment in written form because we did not know what the formal motion would be. I hope you can read it. Perhaps we may dispatch the hon. member for Nanaimo-Cowichan-The Islands to assist you to interpret it because it is his draftmanship, but the essence of it is that both items on the order paper, Nos. 8 and 11 under the heading "Private Bills", be deleted from today's order paper, and also the entries in *Votes and Proceedings* for July 4 and July 7. If this amendment carries it will leave us in the position of not casting any reflection on the work of the Senate with respect to this irregularity, and the next communication we get from the Senate will put the matter back in its proper perspective.

Mr. Deputy Speaker: Order. The motion moved by the hon. member for High Park dealt particularly with the entry in *Votes and Proceedings* of July 4. The amendment which the hon. member for Skeena now proposes goes beyond the original motion and deals also with the entry in *Votes and Proceedings* of July 7. It is the opinion of the Chair that the amendment goes beyond the scope of the motion.

• (6:20 p.m.)

Let me read to the house citation 203(3), page 171 of Beauchesne's fourth edition:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

Mr. Howard: Mr. Speaker, before you make your ruling, if I may I should like to read again what you have read:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

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I submit that if anything is germane or is in complete comport with the motion it is the amendment that has been moved, because the motion deals with a specific bill and deals with the date upon which it is claimed, simply by the hon. member for High Park and nobody else, that it was received irregularly.

The point of order on which I rose related to the fact that there are two such entries, one on July 7 and one on July 4. My point of order which I raised at the outset dealt with each of them. You did not rule on whether the point of order was valid. My point of order referred to the two dates on the order paper and when the hon. member for High Park moved the motion the motion contained in it a reference to the irregularity of the reception of a certain item on July 4.

I submit that without any formal communication between the other place and this house one cannot accept, on the simple statement of one hon. member, that something was done irregularly. Because each entry, that of July 4 and that of July 7, is germane to the other they thereby cannot be foreign. Therefore the citation which you use as the basis for your forthcoming ruling, I submit, cannot be supported. If there are any items which can be connected one with the other they certainly are the two dates, because they deal with exactly the same bill. There is nothing at all foreign to them.

I believe the only course to follow is to accept the amendment. I implore you to consider taking that course and giving the house an opportunity to permit the other place to make the decision it might wish to make under its rules. I say this without casting any aspersions on the other place.

Mr. Deputy Speaker: Order. The Chair has examined the amendment as proposed by the hon. member for Skeena and also the motion moved by the hon. member for High Park. It is the opinion of the Chair that the amendment introduces a question that was not contained in the original motion and the Chair therefore rules that the amendment is out of order.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, it is an unusual circumstance to be asked by a private member to rectify something when we are not fully aware of the implications of it. I believe this matter warrants some consideration and therefore I was very surprised by the ruling of the Chair in relation to the amendment. I too, like most other members, read the duplication on the order paper. I presumed that it was a duplication by the printer. However, when we checked we found that the dates of the two entries did not coincide. We then realized that there were really two entries. This in itself probably would raise some question, but when we received the motion of the hon. member for High Park, which indicates there was an irregularity in respect of one of them, I am surprised that Your Honour did not decide that there had been an irregularity, not on the part of our staff and not because of a misprint or a typographical error, and that the error must have occurred somewhere else and the logical thing to do would be to remove both items and have the other place make the decision whether or not this bill should be on the order paper at all.

If the bill was introduced irregularly once then the whole bill may be irregular, and it would not be unreasonable for someone to get up and say it was irregularly introduced the second time. I believe that by not allowing the amendment you may have further confused the matter and have cast some aspersions.

Mr. Deputy Speaker: Order, please. I have listened to the hon. gentleman for a few moments. The Chair is of the opinion now that the hon. member is entering into a criticism of a ruling by the Chair. I would refer him to standing order 12.

Mr. Peters: I did not intend to criticize the ruling. I only wished to mention the situation in which it now leaves us. It places us in the position of having to discuss a motion referring specifically to one bill which is being introduced while we have on the order paper a second one which is identical except for the very important fact that the date is July 7 instead of July 4.

The fact of the matter is that many members must wonder, unless there is a reason given for the first introduction being irregular, why the first one is improper and the second one legitimate. Therefore I should like to move an amendment which would remove both bills from the order paper. I assume it is open to me to move such an amendment. The effect of the amendment would be to remove the second one from the order paper as well so that the responsibility will clearly fall on the other place to decide whether or not one of these motions should be in *Votes and Proceedings* and which one. Otherwise, if we vote for the amendment of the hon. member for High Park we are saying there is something incorrect in respect of the first private

bill entry and nothing wrong with the second one. I have heard nothing which indicates to me that this is so, nor do I have any knowledge that would lead me to believe this is so. For this reason I should like to move the following amendment to the motion of the hon. member for High Park:

That all the words after the word "that" be removed and the following words added "Bill S-15 be deleted from today's *Routine Proceedings and Orders of the Day*, and from the record of *Votes and Proceedings* concerning Bill S-15".

I presume this amendment will be seconded by the hon. member for Kootenay West (Mr. Herridge).

Mr. Herridge: Certainly not. I am opposed to this amendment and all this blather over nothing.

Mr. Peters: It will be seconded by the hon. member for Sudbury (Mr. Germa). The purpose of this motion is to eliminate any responsibility or any criticism which may fall on the officials at the table in respect of this matter, because I believe they are without blame. I believe that probably in the confusion of the last day they accepted the orders as they were received from the other place. Therefore any responsibility for this matter should lie solely in the hands of those in the other place. By the removal of this entry at this time we will be able to eliminate anything that would cause anyone to intimate that the officials at the table were at fault in this matter.

• (6:30 p.m.)

I would think there might be a good argument against accepting my amendment if we were dealing with an early entry on the order paper which therefore had precedence over a number of bills. The sponsor himself has removed the first entry as a result of his amendment and my amendment relates to the last item on the order paper. In any event, if the other place properly returns the bill it will not lose its precedence on the order paper and, therefore, there will really be no change and no loss of precedence.

We seldom have any difficulty with entries on the order paper, and if there has been any irregularity in the past the sponsor has withdrawn the entry. I do not remember any such irregularity as this in the past, but if there has been something wrong with a private member's entry it has always been withdrawn and re-entered at a later date.

It is my hope that the officers at the table will be supported in respect of this matter by the acceptance of my amendment for the removal of both these entries in order that they can be re-entered in the proper fashion after a decision has been made by the other place as to whether or not this bill has been properly passed, and decided a date upon which it shall be received. I hope members will support this amendment in order that this unique situation can be clarified.

The hon. member for Kootenay West (Mr. Herridge) obviously has failed to see the principle behind the amendment, but in order to allay his fear that there may be some lengthy discussion on this matter I hope all hon. members will agree that all proper entries have always been taken in order. Certainly, our officers at the table have won the respect of all members of parliament in this respect. I think the easiest way to solve this matter would be to re-enter the bill after consultation with those who sponsored it in the other place. I urge hon. members to support my amendment.

The Deputy Speaker: The motion moved by the hon. member for High Park (Mr. Cameron) deals with an entry in *Votes and Proceedings* of July 4 and item number 8 under private bills. The amendment moved by the hon. member for Timiskaming (Mr. Peters) is phrased in such a way as to constitute a new question. Since it is a new question in the opinion of the Chair, it cannot be considered as an amendment to the original motion moved by the hon. member for High Park. Again, I must rule the amendment out of order.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to say a few words but being a bit of a simple soul I have not been able to recognize the principle of this matter.

Mr. Howard: There is not any; it is a life insurance company.

Mr. Herridge: It is obvious that this duplication is a simple clerical error on the part of someone on the staff. I support the motion of the hon. member for High Park with a view to correcting the situation. I feel this is the sensible thing to do in order that this house will have the opportunity to get on with the debate on the bill in question without wasting anymore time than we have now wasted on this matter.

During the 22 years I have been in the house I have seen various members of the staff with long service replaced by younger men. In my experience very rarely has the

staff of the House of Commons in this house, for *Votes and Proceedings*, or the staff of the Queen's Printer, made mistakes or errors. I look upon this very rare error as a tribute to their ability and care in correctly reporting the proceedings of this house.

Some hon. Members: Hear, hear.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I must rise to defend the officials of this house because by no stretch of the imagination can the blame for this error be laid at their door. What my colleagues have been trying to point out to this house is that the error was made in the other place, and that the other place should clearly correct this mess. The attempt we have made to amend the motion of the hon. member for High Park was made with that purpose in mind, namely to place the blame where it should be placed and that is with the other place. Obviously our staff did not produce this entry without a communication from the other place. If that communication was incorrect, which it obviously must have been, then that is where the blame should lie, not with the staff of this house.

The Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Before I go any further perhaps I should remind the house of standing order 6(7) which states:

> No vote shall be taken between 6.00 o'clock p.m. and 8.00 o'clock p.m. on Mondays, Tuesdays and Thursdays or between 1.00 o'clock p.m. and 2.30 o'clock p.m. on any day upon which a morning sitting of the house is held. When any vote is postponed under the terms of this section the same shall be forthwith disposed of at 2.30 o'clock p.m. or 8.00 o'clock p.m., as the case may be. The house shall be deemed to have reverted to private members' business for such time as is necessary for the taking of any vote postponed from the time provided for private members' business.

Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Mr. Howard: If it is carried it certainly is carried on division.

Motion agreed to on division.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. It is my duty, pursuant to standing order 39A, to inform the house that the questions to be raised at the time of adjournment are as follows: The hon. member for Lotbinière (Mr. Choquette) Commonwealth Relations—inquiry as to meeting of Prime Ministers; the hon. member for Winnipeg North Centre (Mr. Knowles), Public Service—legislation to increase pensions of retired civil servants; the hon. member for Saskatoon (Mr. Brand), Canadian Broadcasting Corporation—Saskatoon—inquiry as to station construction.

PRIVATE BILLS

THE EXCELSIOR LIFE INSURANCE COMPANY

Mr. Robert Stanbury (York-Scarborough) moved the second reading of Bill S-8, respecting the Excelsior Life Insurance Company.

• (6:40 p.m.)

He said: Mr. Speaker, this bill is identical to the one introduced in the house last session, passed here, considered in committee, reported out of committee, discussed again in the house but not passed before the end of last session. Since it is the identical bill and was fully discussed in the previous session, I am sure my hon. friends will agree there is little purpose in delaying further the passage of this bill, which has been recommended by all the public officials who have examined it.

I would not presume to say there will be no further discussion on the bill, but if there is none perhaps there will be consent to have the bill referred to committee without further debate.

Mr. Frank Howard (Skeena): Mr. Speaker, I am very much afraid that I cannot accept the invitation of my hon. friend, the sponsor of the bill. I think his words were that there would be little purpose in delaying further the passage of the bill, which has been recommended by all the public officials who have examined it. This statement bears some examination, because if it were to be permitted to go unanswered it would leave the impression that the employees in the public service of Canada who deal with these matters are favourably disposed to the proposals put to us by Excelsior Life Insurance Company. I am not saying they are against them, but I think the record should be balanced out to indicate the position of those employees in the department of insurance who have examined this bill. Their position is that of carrying out the provisions of the law as parliament has already determined them. They are not in a position to express any opinions publicly, certainly not officially, about the broader aspects of the bill and the impact upon the economy

that Excelsior Life Insurance Company and others in a like position may have.

The position of the New Democratic Party has been enunciated on a number of occasions. It is a position that goes beyond the narrow confines of the statutory requirements of the Insurance Act. It is a position that, with respect to companies such as Excelsior Life Insurance Company, is identical with that of the President of the Privy Council (Mr. Gordon), a former minister of finance. Our position is on all fours with the announcement made by the Prime Minister (Mr. Pearson) of this country on a nationwide television broadcast earlier in the year. I refer to the position with respect to Canadian ownership of Canadian industry.

We believe that if the Prime Minister of Canada is able to take to the air and the medium of television to enunciate clearly the position of the Liberal party, the Liberal government and himself on the question of foreign ownership, it behooves us in this parliament to give him every ounce of support that we can to attain his ends, because he is obviously having a great deal of trouble in the cabinet over his declarations.

Where there is a split in the cabinet over a matter of public policy, we want to be on the side of the people in healing that split. We believe we are on the side of the people in supporting the Prime Minister 150 per cent, if that is possible, in his attempts to get through to the reactionaries in his cabinet and party the necessity of Canada owning its own means of production and distribution, and particularly of Canada being able to own and control such financial institutions as insurance companies. This is the crux of the situation with respect to the bill before us.

We have great respect for Mr. Humphrys, but the fact that he and his department have passed favourably on the bill does not touch upon the larger question of public policy with which we are now concerned. It is confined to the interpretation and administration of the law in all its narrowness.

We know by the public declarations of the Prime Minister and the President of the Privy Council where they stand on this matter. We want to stand with them. We wish everybody in the house would stand with them so that the opinions of the Prime Minister of this country may become the law of Canada in a general way and apply to all these companies. It is true that the bill in respect of Excelsior Life Insurance Company was introduced during the preceding session. It was then called Bill No. S-26.

The house then took the position that the bill should be referred to a committee, and accordingly it referred the bill to the miscellaneous private bills committee. As I read the record, that was on Thursday, February 2, 1967. On February 14, 1967, the committee started consideration of the bill. The bill was referred to a committee in an attempt, as is always the case, to obtain an elucidation from the officials of the company in respect of its proposals, why it wants to do what it seeks to do, how it is going to conduct its affairs in the interests of Canada, and related questions.

There appeared before the committee officers of the company, Mr. Fraser M. Fell, Q.C., who was listed as the parliamentary agent, and Mr. M. Kenny, who was then and I presume still is, the president of Excelsior Life Insurance Company. These gentlemen together with Mr. Humphrys, the superintendent of insurance, and the sponsor of the bill, proceeded to give the committee certain evidence.

The sponsor of the bill is acting out of a sense of public duty as a sponsor. He has no intimate relationship with the company. I am sure he has no favouritism toward it, but is simply as a member of parliament attempting to the best of his ability to perform his duty and carry out his responsibility in piloting through the house a bill which for one reason or another he has been asked to sponsor.

I say this simply to indicate that I shall make no reference to the evidence given to the committee by the sponsor of the bill. The important information relating to the structure of this company was contained in evidence given by Mr. Humphrys, Mr. Fell and Mr. Kenny, the president of the company. I will start at the beginning because this is a rather long and involved story. The beginning of this story starts with Mr. Humphrys who was the first, shall we say, formal witness called before the committee. He outlined some of the history of the company, its powers, when it came into existence, and so on.

• (6:50 p.m.)

In order not to distort what Mr. Humphrys said, I should like to place on record his remarks which are to be found at page 50 of the minutes of proceedings and evidence No. 4, of the miscellaneous private bills committee for February 14, 1967:

> The federal insurance acts could impose certain restrictions on it, in the sense that the company voluntarily agreed to comply with the federal law, but the federal parliament could not grant any powers to the company, since it drew its powers from the provincial legislature. It could operate

within its provincial powers, really the narrower of its provincial powers, or the restrictions that might be imposed by the federal statute. But if the federal statute were changed to expand the powers of federal companies, this did not necessarily expand the powers of the Excelsior Life, because they still had to live within whatever powers it drew from the provincial legislation.

Then he goes on to say this:

Now, over the years this has created a certain number of difficulties for the company, and I might just illustrate a recent one.

As an aside, Mr. Speaker, I should underline the fact that Excelsior Life Insurance Company, as I recall it, is incorporated under a statute of Ontario. What this bill is seeking to do is really not to incorporate the company under the statutes of Canada but to continue it as a federal company as if it had been a federal company ever since its inception. This is a unique situation. Up until this time all insurance companies which have applied to this parliament in a similar set of circumstances for incorporation have applied to be incorporated as federal companies. But not so Excelsior Life Insurance Company; it wants the parliament of Canada to say that Excelsior Life Insurance Company shall be deemed always to have been a federal company since its inception.

As I say, the situation is unique; parliament is being asked to say by law something that is not so in fact. I believe that the incorporation should founder on that fact alone, notwithstanding that the highly respected Department of Insurance has indicated its support of that particular proposition.

This is simply an aside, Mr. Speaker, because Mr. Humphrys stated that the fact the company was incorporated in Ontario and could not operate fully under federal law had created certain difficulties over the years. This situation, undoubtedly prompted the company to become a federally incorporated company, and not because of any sense of duty or responsibility to the Canadian economy but because of its own particular sense of its role in society, which is to make a profit.

Mr. Humphrys went on to say this:

In 1965—

Incidentally, this was probably the year that Excelsior Life Insurance Company applied for this continuation as a federal company; the bill was referred to the committee on Thursday, February 2, 1967, and presumably the year before it had applied to the Senate. So not too long a period of time had passed after a certain action was taken, as appears from Mr. Humphry's remarks which I now wish to relate. He said:

In 1965, the federal insurance act was amended to permit companies to invest in mortgage loans up to 75 per cent of the value of the property.

Incidentally, Mr. Speaker, this is apropos the discussion during the question period today and also yesterday as to whether some of these insurance companies would put some of their savings into housing loans in Canada at a reasonable rate of interest so as to assist the housing market, instead of holding back their investments in order to keep the interest rate up.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Not savings, capital.

Mr. Howard: Well, they are really the savings of policyholders. An insurance company gets its wherewithal only by selling insurance policies to the people, many of which policies do not meet the glowing terms used by the company representatives. Nevertheless, it is public money with which the insurance companies are dealing.

If I may proceed with Mr. Humphry's evidence, he went on:

It was formerly two thirds; then it was raised to 75 per cent.

At one time insurance companies could invest in mortgage loans up to 66⅔ of the value of a property. In 1965 the federal act was changed, raising it to 75 per cent. Then Excelsior Life Insurance Company became interested in taking some of the gravy, I suppose, because Mr. Humphrys goes on to say:

So all the federal companies could take advantage of that right away, but the Excelsior Life could not, because the provincial legislation still restricted it to a limited two thirds of the value of the property. The company then had to wait until the provincial legislation was amended to give it the same powers. The company has, for many years, done a nation-wide business; it is one of the major companies and has been under federal supervision, but it has always been under this particular disability as far as granting additional powers and amendments to the federal legislation are concerned.

The implication of that statement, Mr. Speaker, might be that Excelsior Life Insurance Company wants to put the savings of its policyholders into mortgage loans, but I doubt that that is fully the case. If this bill ever gets to committee, I think we will be interested in following up this particular aspect to find out what the public policy of Excelsior Life Insurance Company is with regard to investment in mortgage loans. One of the reasons it has applied for what it calls a

continuation as a federal company is that under federal legislation the field of mortgage loans is more lucrative to the company.

We will have an opportunity on another day to go into the foreign ownership aspects of this company, Mr. Speaker, but before we reach seven o'clock let me say that 70.9 per cent of the shares of this company are held in the United States. It is our hope that the example set by another company which desired to become Canadian owned and to extricate itself from foreign ownership within a certain period of time will be followed in this case; but I will leave that thought till another day. May I call it seven o'clock?

Mr. Speaker: The hour allotted to private members' business has now expired. The house will now resume the business interrupted at six o'clock.

MANPOWER AND IMMIGRATION COUNCIL

PROVISION FOR APPOINTMENT OF MEMBERS, ADVISORY BOARDS, ETC.

The house resumed consideration in committee of Bill No. C-150, to establish a Canada manpower and immigration council—Mr. Marchand—Mr. Batten in the chair.

The Chairman: Order; house again in committee of the whole on Bill No. C-150, to establish a Canada manpower and immigration council. It being seven o'clock I do now leave the chair.

AFTER RECESS

The committee resumed at 8 p.m.

On clause 2—*Definitions*

The Deputy Chairman: Shall clause 2 carry?

Clause agreed to.

On clause 3—*Council established*

Mr. Starr: I wish to ask the minister a question and I apologize if he has already answered it. There is a provision here that the Canada manpower and immigration council shall consist of a chairman and 15 members to be appointed by the governor in council, and each of the chairmen of the advisory boards established under part II. Is it the intention of the minister to have representation from each province also on this board? How will such a provision be applied to the 15 members who are to be appointed?

Mr. Marchand: I do not believe, Mr. Chairman, that we can have a representative from each province. The 15 members are on the council, and if the chairman and each member of that council were to represent a province that would mean that there would be no representatives from labour organizations, and none from employers' organizations. I think we must keep a certain flexibility in mind. The hon. member will understand that many associations and regions wish to be represented. We have made the terms general because I do not see how we can give everybody proper representation.

Mr. Starr: I understand that. Can the minister give us some idea of the type of representation he expects to have on this council? From what area is it to come?

Mr. Marchand: I think the labour movement should be represented; employers' organizations should be represented. Since the presidents of the boards will be members of this council there will be, to that extent probably, regional representation. Consumer organizations should be represented as well as organizations which usually represent vocational training advisory councils, for example.

Clause agreed to.

Clauses 4 to 8 inclusive agreed to.

On clause 9—*Meetings*

Mr. Starr: There is a provision in clause 9 for the members of this council to meet at least twice a year in Ottawa. If they wish to meet somewhere else they must get the approval of the minister or, should they find it necessary to meet more than twice a year again they must obtain the approval of the minister. Of course they may meet more than twice a year at the request of the minister.

Could the minister explain why he has not left this matter to the initiative of the board, rather than having it at the pleasure of the minister?

Mr. Marchand: One reason was underlined by a colleague of the hon. member this afternoon. There is a financial implication. This board has 15 members and if they decide to meet ten times in different places in Canada, that will be reflected in the estimates. We must keep some kind of control over this activity. I know that no minister will prevent such a board from meeting; unless he has a serious reason, he will not be able to resist for very long such a representative board.

But if, for no specific reason, they want to meet more than twice a year, or if for no specific reason they want to meet in Vancouver because it is winter, I think the minister should have the authority to say, "You are not going to do it."

Mr. Starr: Has the minister ascertained the cost of having the council meet at least twice a year in Ottawa or somewhere else? Has he determined, also, the cost involved with respect to the four advisory boards? Has he been able to ascertain the yearly cost of maintaining this council and the advisory boards?

• (8:10 p.m.)

Mr. Marchand: This is really an estimate we are making. Perhaps the council will meet twice a year, and the board four or five times. I do not know; I cannot say offhand. I will try to make a calculation and give a figure later on.

Clause agreed to.

Clauses 10 and 11 agreed to.

On clause 12—*Advisory boards established*

[*Translation*]

Mr. Régimbal: Mr. Chairman, we have suggested on several occasions, both in the course of our remarks at the resolution stage and during the debate this afternoon, that it might be advisable to provide for continuing consulations between the department or the council and provincial authorities.

As mentioned earlier, it would be advisable to maintain such a contact, since it is impossible to do so under the constitution of the council itself.

Would it not be appropriate, for instance, to allow for a provincial participation within the committees?

I believe the minister mentioned that he met with provincial ministers at a meeting held last summer. But is such a meeting, held only occasionally, as required, or before the bill is implemented, sufficient to clear up any difficulty experienced by the provinces in the matter of interpretation or co-operation?

Mr. Marchand: Mr. Chairman, I feel that the sector in which we may meet the most difficulties or problems with the provinces is that of the training of workers, that is in manpower as such.

As we know, the federal-provincial agreement provides, at the request of the provinces, for the creation of an advisory board to advise the two governments in matters pertaining to manpower needs, orientation of the courses, etc.

The province of Quebec has set up a board, as has also the province of Ontario. The other provinces, provided they so request it, may also set one up and we shall be pleased to co-operate. Let us say, therefore, that in the most controversial sectors, co-operation can be arrived at through the boards.

The Chairman: Does clause 12 carry?

[*English*]

Mr. Pugh: The first four paragraphs of subclause (1) have to do with advisory boards, and I have several questions to ask on this subject. Is each of these boards to be a separate entity, or, in other words, will there be an "intermix" of those who are appointed to serve on them, with the result that one man might be serving on two or three of these bodies?

Then again, subclause (2) reads:

> The minister may, from time to time, establish additional advisory boards as he deems appropriate to deal with any subject within his responsibilities as minister.

Has the minister any idea what further boards may be constituted?

I have a further question to ask with regard to the regional aspect of these proposals. Does the minister contemplate setting up regional boards, for, let us say, the prairies, the Pacific coast, central Canada and the Atlantic provinces? I am wondering why the bill should contain this "catch-all" in subclause (2).

Mr. Marchand: There is nothing in the law which prevents a member of one board being at the same time a member of another. As we know, this is not a full time job; the boards will meet only a few times a year, and service on one would not be incompatible with service on another. However, it should be remembered that these are specialized boards concerned with training, immigration and research. It is not our intention to set up other regional boards in addition to those mentioned. We shall have regional and local boards as provided for in another part of the bill. We shall come to that later.

As for the provision that the minister may set up special boards for special purposes, suppose, for example, we had serious problems in connection with one particular aspect of our program; we might find it necessary to set up a special board to give us advice. If

automation were creating a lot of disturbance in the employment field we might feel it necessary to set up a special board to study the situation and advise us. This is what we have in mind.

Mr. Pugh: Has the minister considered the procedures by which qualified people are to be appointed to these boards. Has he sounded out possible members? Provision is made for four boards to be constituted right away, each with 11 members and a chairman, so there are a fair number of appointments to be made I presume, indeed I hope, that those concerned will be fairly busy people. It seems to me that the whole thing is likely to be top-heavy, a little unwieldy.

Mr. Marchand: As indicated in the bill, nominations will be made after consultation with the social and economic bodies which are concerned with these matters. Take rehabilitation, for instance. As hon. members know, there are many private associations in Canada which are concerned with this question and it would be senseless to constitute an advisory board upon which these people were not represented. This is the way in which we shall proceed in all cases, because there are many private associations of all kinds in Canada. Usually the most representative association will be the one chosen to recommend persons to be nominated by the minister.

Mr. Johnston: Is there any particular definition of "adult" as it appears in 12 (1)(a)? Would this board serve as a co-ordinating body between provincial occupational training which would be under the regular school system and the federal adult training program? If you read clause 20 and clause 12 together it seems as though this scheme would be quite independent from the provincial educational programs.

Mr. Marchand: The definition of adult education is the one contained in the training measure adopted by the house. I think the line is drawn there as precisely as it can be drawn.

• (8:20 p.m.)

I do not not know if the hon. member heard what I said in French in answer to a question. We have agreement with the provinces on consultative boards concerning training and adult education. Two such boards are already constituted in Quebec and Ontario in order that we may more closely follow what is happening in the labour market and thereby know the kind of courses that should be taught. Any province which feels the need for contact with the federal government can ask us to set up such a board, and we will agree to it.

Clause agreed to.

Clauses 13 to 19 inclusive, agreed to.

On clause 20—*Advisory Board on Adult Occupational Training.*

Mr. Herridge: Mr. Chairman, I wish to speak very briefly on this bill. I must say that I do not take quite as dim a view of this legislation as do some of my colleagues. I support the principle and purpose of the bill because for years members of this group have advocated this type of legislation with respect to vocational training and immigration. The record will prove that.

I also support the bill because I have great confidence in and respect for the minister who will administer the legislation. It is entirely experimental legislation. The minister has said that no doubt defects will be found in the bill. I am sure that as a result of experience amendments will be made to this legislation.

For many years I have supported the ideas which are covered in this legislation, and I have no doubt it will be improved in the future. We must remember that throughout the years all parties in this house have drafted various proposals for the building of the Kingdom of Heaven on earth, proposals which, as the Secretary of State for External Affairs might say, have had to be revised in the light of all the circumstances. I am certain this bill lays a foundation upon which, as the result of experience, very sound legislation will be erected, legislation in which the public will have an interest because of their own participation.

I am particularly keen on the local advisory committees composed of people close to all the circumstances. Some of the biggest difficulties with legislation have resulted from centralized administration by people who did not understand local circumstances. I have always been an advocate of participation by local people in any legislation of this type. Therefore, I am pleased with this provision in the bill, and I must say I am also pleased with the attitude of the employees of the minister's department who are in my own constituency. They have done quite a lot of voluntary work in connection with training of the disabled and in connection with meeting certain unusual circumstances. I wish the

minister every success in everything he undertakes to make this legislation succeed in the years ahead.

Mr. Groos: Mr. Chairman, I shall also be very brief. I would not like to let this very important bill, which I support wholeheartedly, go through without making a brief comment to the minister, apart from congratulating him on introducing it. As the last speaker said, we all realize that it may not be perfect, and that it is in the nature of an experiment.

I am particularly interested in the proposed advisory board on the co-ordination of rehabilitation services for disabled persons. Although the appointees to such a board will serve without remuneration except for compensation of their reasonable expenses, I hope the minister will make sure that among the appointees will be persons who themselves suffer some disablement. I believe that only a person who is disabled sees all the problems of the disabled in the their true light, and I would not like the advisory board to be without the benefit of such advice.

Mr. Johnston: Mr. Chairman, the word "adult" appears in clause 20 again, and another question arises out of the minister's answer to the question that I asked him on clause 12. When the retraining bill referred to was before the house, considerable anxiety was expressed about the age limitations connected with the word "adult." From consultation with high school councillors I have found them very concerned about occasions when they have been unable to place drop-out students in adult training courses because of the restrictions in the act. Has this problem been brought to the minister's attention with any frequency, and is it something the advisory board on adult occupational training would consider?

Mr. Marchand: Mr. Chairman, this matter was debated at length in the house when the retraining act was before it. It was also discussed with the provinces, and I think we know now what is meant by the word "adult" in this bill. It means somebody who has left school for at least a year and who has been connected with the labour market during a period of three years. If we can help a school drop-out who has been out of school for a year, but who has not been attached to the labour force for three years, we will do so by paying only for the training course. He will not be given the other allowances. I think *Hansard* has recorded all the answers already because this point has been thoroughly discussed, and it is one that has been accepted by the provinces.

Those who do not fall within the definition are the responsibility of the provinces. This does not mean that those young people are not taken care of now. They are taken care of, or are supposed to be taken care of by the provinces, but not by the federal government.

Mr. MacDonald (Prince): Mr. Chairman, I rise on a point of order, although in effect it is more a point of information. When the minister justifies the lack of definition of "adult" in this bill, by suggesting it has already been dealt with in a bill previously passed by the house, I for one find this insufficient. I am sure there are many bills on the statute books which have their own definitions of what may or may not be an adult. I do not see anything in this bill which says we should be guided in that respect by reference to the previous bill. I am not an expert on all the legislation on the statute books, and so would ask for the guidance of hon. members who are experts. I believe we are deluding ourselves by accepting a definition which is not implicit in the bill before us.

Mr. Marchand: As the hon. member knows, I am not a lawyer, and I do not intend to become one.

Mr. MacDonald (Prince): We are together on that.

• (8:30 p.m.)

Mr. Marchand: I might be inclined to believe that the hon. member is probably right and that the utilization of the word "adult" here will not have the same consequences as the definition of adult in the training act, which provides for payment of allowances. However, I do not think the boards will be so concerned about the definition of adult, because they will give only advice to the minister. Therefore, personally, I am ready to concede that even if we receive a recommendation in respect of a group which is not covered under the strict definition in the retraining act I do not think it will matter much.

Clause agreed to.

On clause 21—*Regional and local manpower committees.*

Mr. Pugh: Mr. Chairman, I am wondering whether there is a conflict in this clause with clause 11 which gives the council certain very definite duties such as advising the minister,

and so on. Clause 21 provides that the minister may establish such regional and local manpower committees as he considers necessary for the purpose of advising and assisting the department. Where is the tie-in between the regional and local manpower committees and the council itself? Because of the wording in clause 21, it seems to me that these various regional boards will report to the department or the minister. This would appear to be an assumption of the powers of the council. Could the minister explain this?

Mr. Marchand: It is clear, at least in my mind, that these local and regional committees will have to work with the local manpower centres. If they wish to make a recommendation concerning the policy of the department, they will have to make their recommendation to the council. The council will study the recommendation and advise the minister accordingly.

Mr. Pugh: Would it not be better then, in clause 21, to say that they should report to the council or to the department? The bill states they will report to the department on such things as they are required to report on.

Mr. Marchand: I think what I have attempted to say is that they will work differently. I think the local centres will be represented on the committee by advisors or representatives. So, locally they agree to work together. If they wish to make a recommendation which concerns, for example, rehabilitation, this recommendation will have to go through the special board which is concerned with rehabilitation. After that it will go to the council and then to the minister. So, the whole structure will be fully used.

Mr. Pugh: What the minister has just said makes sense, but I think it will be unworkable because the first paragraph of clause 21 says they will report to the department which would suggest that they report to the department alone.

Mr. Marchand: Of course, it depends on what we call the department. There is the branch which is called the local manpower centre which is integrated in the department. There is no doubt that there are many problems which have to be solved locally. They do not have to be solved here in Ottawa. They can be solved between the committee and the local manpower centre. They work together with the department. If the recommendation is of a general nature I think it will be handled locally.

Mr. MacDonald (Prince): Mr. Chairman, I regard this particular clause 21 as almost the most important part of this bill because it brings us back to facing the reality, I hope, of the concern I expressed in my few comments yesterday. Before making a couple of specific remarks about this clause, I should like to say that I think both the minister and the department have moved in the right direction. They may have struck a few rocky shoals in their first few months of operation and they may have encountered a few frustrations, but I trust these will be worked out in good faith as the months go by and that more effective work will be achieved by his department.

One of the increasing fears which all of us have, because it has been a reality in some instances, is the tremendous power of bureaucracy and often the loss of reality as a result of the mass of monolithic institutions of government or big business. In this case we are dealing with government. I am not quite as concerned as my colleague the hon. member for Okanagan Revelstoke with the problems which may relate to the passing on of advice to the minister or his officials in Ottawa. I think our major responsibility will have to be in dealing with the local situation and ensuring that good advice and assistance be given to the local regions and in general.

There are, however, difficulties associated with these things. I think we may be coming back to this problem in the future when we deal with the minister's estimates and other matters. I hope, in the context of this particular clause, that the minister will assure us there will be a provision for close liaison with the provincial governments. There have been a number of examples of inadequate liaison or poor communication. I think we should overcome this. It would seem to me that in this clause of the bill it would be natural to have a provision that key people in the provincial government administration be linked up with the manpower officials so that there can be an effective co-ordination of responsibility to ensure that we will not remove the benefit of the good experience which has already resulted from the work and good judgment of these officials.

I do not wish to sound petty or hypocritical, but the other thing which concerns me is the fear that when we set up something like this it will become a haven for tried and true political friends. I expect it is quite natural for any government to be anxious to reward those who have served the party in good faith or to choose people simply because they are well known to a select few. In the matter of

the local committee particularly, I hope the minister and his officials would make sure that people who have had intimate experience with this kind of activity would be chosen from the communities. I know we have had officials with a good deal of experience in problems of chronic unemployment and the upgrading of educational opportunities and so on, but very often people who have something very valuable to contribute are passed over perhaps because they are non-partisan or because there are other people who feel they have a right to be rewarded in this way.

I plead that we not use this particular agency as a means of rewarding people for good political service. We should endeavour to obtain people who will provide the most effective contribution possible so that the whole program will go forward. If we make this clear now, then I think in the future there will be a realization that regardless of the party in power we should have people who have the most to contribute.

Mr. Marchand: Mr. Chairman, I wish to reassure my friend that I do not believe the situation which worrys him is going to arise. If we want to set up special committees it is important that we do not work along political lines. This would not be possible; it would not work. I do not believe this has been done either under the Conservative government or the Liberal government. If representatives are required on a national level it is necessary to confer with the labour movement, the employers' association, the consumers association and so on. The only way to do it is to ask these associations to recommend somebody. It would not be right for me to say that a certain person is to represent the Canadian Labour Congress, for example. I do not think the government of Canada could do this and I am sure if it were done the C.L.C. would complain about it. There is only one place where there could be political influence; that is in the nomination of the presidents.

• (8:40 p.m.)

There could be some influence there because the president is nominated by the government, not necessarily following the recommendation of the private organization. I do not think you should be afraid of these boards becoming political instruments because of this set-up. This has not been true in respect of other governments and it could not now be true for the reasons I have given you.

I was president of the C.N.T.U. for a while and I would have liked to see the government try to designate a man to represent the C.N.T.U. without consulting us. That would not be possible. This might have been attempted, but I am sure the appointed individual would not have been successful. This man would be denounced just as one individual who was appointed to the unemployment advisory committee was denounced. I remember this very well. There was a protest and the situation was corrected. This does not really seem to me to be a serious problem. If there is a problem, surely it is not in respect of this part of the bill.

As far as co-operation with the provinces is concerned, I think you are right. We should seek whatever co-operation we can get. The difficulty is that one cannot force co-operation on someone else. Both parties have to be in agreement. As far as we are concerned, not only are we going to ask for co-operation, we hope to receive it. These programs cannot work without co-operation on the part of those who are interested and involved in these programs. However, one cannot force co-operation. I am reminded of the words of Voltaire. He wanted to build a society in which everyone was free. Someone asked him what would happen if someone decided he did not want to be free. Voltaire replied that he would be compelled to be free. Certainly, we hope for co-operation but we must rely to some extent on the provinces themselves.

[*Translation*]

Mr. Ricard: Mr. Chairman, I should then like to ask the minister what criteria he intends to use in the selection of the chairmen of the various commissions.

Mr. Marchand: Mr. Chairman, what criteria? We will appoint the most competent men we can find.

[*English*]

Clause agreed to.

Clause 22 agreed to.

On clause 23—*Appropriations*

Mr. Herridge: Mr. Chairman, clause 23 reads as follows:

> The minister shall make available to the council or a board, or any regional or local manpower committee such information within his possession or otherwise available to him as the council, board or committee reasonably requires for the proper discharge of its functions.

I quite agree with the terms of that clause, but because this is experimental legislation which has the support of everyone in the house, at least in principle, and because there

will have to be amendments made from time to time as experience is gained, I would ask the minister to report to the house fairly regularly on the operations of this legislation in the various regions of Canada in order that members can perform their functions equally as well as the council and the board or committee.

Mr. Marchand: If I am still here when the estimates of my department come before the house, I will be pleased to make a full report each year of the activities of these boards when we are considering the expenditures in relation to the advisory boards.

[*Translation*]

Mr. Valade: Mr. Chairman, I was under the impression that we had adopted section 22. If such is the case, I should like to ask the minister to enlighten us on that part where the minister is authorized to provide technical assistance from outside the public service. The minister might tell us what he intends to do in this regard. Is he making reservations which would come under the minister himself in regard, for instance, to the hiring of casual employees to help the civil servants?

Mr. Marchand: May I ask, Mr. Chairman, what is the clause referred to by the hon. member?

Mr. Valade: Mr. Chairman, it is clause 22, because I thought that we had not passed clause 22, page 7, where it is said:

> The minister may provide the Council, or any board established under this act, or any regional or local manpower committee, with such professional, technical, secretarial and other assistance as they may require, but the provision of such assistance otherwise than from the public service of Canada is subject to approval by the Treasury Board.

Well then, what has the minister in mind by this rather different procedure?

Mr. Marchand: This, Mr. Chairman, is what we have in mind. If at a given time, the council, one of the committees or one of the boards experience special problems which require some research, or let us suppose that at a given time, there is a problem involving older or disabled workers about which the department has no information and which requires special research, then, we may make available to the council the person it wants to hire, but only with the approval of the treasury board. This is therefore to provide assistance when our departmental staff is unable to do so.

Mr. Valade: Mr. Chairman, I am sorry to press the minister on this point, but I want especially to call his attention to the term secretariat. The secretariat is certainly not a technical, professional or informative assistance about certain criteria, certain qualifications of the case to be settled. The secretariat involves a staff able to assist the minister in the performance of duties for which civil servants are responsible, under the bill itself.

There seems to be a conflict of authority or jurisdiction here.

Mr. Marchand: Mr. Chairman, I do not believe there is any conflict. Here is a board, or several boards that will be operating throughout the year, including the main board of which the chairman will not necessarily be employed full time but who may have to come to Ottawa quite often. We may have to hire a part-time secretary, because we may not be prepared to let one of our own go and he might not be willing to wait for a secretary to be free and so a board or a committee might at a given moment sit outside Ottawa, in accordance with the powers provided; it might be more useful to hire a secretary in Quebec, for instance, if the board is sitting in Quebec. This is to give us sufficient power to do this kind of thing.

• (8:50 p.m.)

Mr. Asselin (Charlevoix): I should like to know from the minister whether, after the establishment of these advisory boards, rules will be adopted by the cabinet to allot responsibilities to these advisory boards. What rules are to be adopted by the cabinet in regard to these various committees?

Mr. Marchand: I may say that when the committees are set up, they will receive terms of reference according to the act and, obviously, the department will have the responsibility of submitting such terms of reference.

Mr. Asselin (Charlevoix): Mr. Chairman, I should like to ask another question. Will these advisory committees have to travel across the province in order to obtain information and report to the minister, or will we have a permanent office here in Ottawa?

Mr. Marchand: As the hon. member for Charlevoix knows, the act provides for the creation of several committees. There is a grand council which will have its office in Ottawa. There are specialized boards which will also have their offices in Ottawa, and then there are all the regional offices, the regional and local committees which, of course, will not be located in Ottawa. Their

offices will be in the region to which they are assigned. The headquarters of the grand council and those of the boards will be in Ottawa. The members of the council and those of the commissions will be able to travel according to their needs but, as I told the Leader of the Opposition earlier, only with the proper authorization. Naturally, you cannot allow 25 or 30 committees to travel all over Canada without authorization.

Mr. Valade: Mr. Chairman, I understand and I would accept the explanations given by the minister if he would lay down that condition for the council itself. But, I am somewhat concerned especially when I refer to the provision in the bill whereby the minister may provide not only the council but any board or any regional or local manpower committee established, with professional or other assistance. There I can see the danger of a multiplication of assistants in the public service, because the minister requests the authority to extend those technical advisers, that professional or secretarial assistance, even at the local and regional level, and if the minister would give us the assurance that the expenditure incurred for such professional or technical assistance would not be unreasonable, I might be prepared to accept his explanations, but I see that once again we might have to ramify, extend and project secretariats and agencies which would be a duplication of the work already done and of the responsibilties already assumed by civil servants. If the minister agreed to provide the secretariat's technical and social assistance to the council itself, I would agree, but when he tells us that this situation can occur in all the local committees, at all levels, I feel that the government might incur expenditures which will further increase the present deficit.

Mr. Marchand: Mr. Chairman, obviously, when the terms are rather general, any conclusion can be arrived at, including the one my hon. friend has just drawn. However, there are several barriers, of which the first is the estimates of the department. You will note that $120,000 are provided for in the budget for the advisory boards, which include all per diems to be paid, all allowances, all travelling expenses, including secretarial expenses. If ever we go beyond that—at the present time there is only an overall limit—but the treasury board has also set a limit —we can then come back to the house for supplementary estimates. If perchance there should be the abuse the member fears, you will be aware of it and, hackles up, will be ready to criticize us, and rightly so.

Then, in any case, we agree: the idea is to have the authority at any time, whenever a regional committee holds an important meeting, and no secretarial staff is locally available, to hire such staff on a temporary basis to help the committee operate effectively.

Now, I think the house is pretty well able to act at all levels, and if it should happen that abuses are committed, you would spot them so fast that you would have time to correct them before they led to disaster.

Mr. Valade: I apologize if I press the matter, Mr. Chairman and I recognize the merits of the minister's argument. However, the minister did not tell us how the staff for this additional secretariat will be recruited at the local level, not under the national council, but at the local and regional levels.

If the minister reserves himself the authority to appoint the additional staff along with the employees of the public service, and if these appointments come under his direct authority, for this is the essence of this clause, I wonder how the minister can allay the suspicions of political patronage.

Mr. Marchand: I am grateful to the hon. member for wanting to protect me, but I feel that you should give me credit at least for common sense if not for good faith. If a council in Vancouver must hire a stenographer for three days, I will not step in to find out who he or she is and where they got him or her, so long as I am given proof that such a step is necessary.

You might say: Is it not possible that at some time abuses might occur? Might they not choose the wrong secretary? It is quite possible, I cannot give you any guarantee, that is to say I cannot put in the legislation anything that will put your mind at rest because you seem to fear a lot of things, but nothing much can happen.

Moreover, control is automatic. There are in these committees people from every association, responsible people; I think that even though we would like to do certain things allowed by the legislation, our people would not agree.

Therefore, I do not think, Mr. Chairman, that this clause should keep one from sleeping soundly.

Mr. Valade: Mr. Chairman, as a matter of fact the purpose is not to protect the minister

himself, but to establish a principle, so that the legislation would not give way to any favouritism, not that the minister could give instructions to that effect, but the door is still open because of this section.

And I wonder why the minister did not take any other steps so that the council itself would approve or recommend the hiring of such staff, subject to his approval; that would prevent the minister from making the choice, because he would be open to this kind of criticism in the future. We know by experience that there was a certain nonchalance inside the Post Office Department in this respect. We would like to protect the minister against such experience.

Mr. Marchand: Well, that is very kind of you sir, I will try to avoid taking any unnecessary risk in regard to this clause and protect myself.

[*English*]

Clause agreed to.

Clause 24 agreed to.

On clause 25—

Mr. MacDonald (Prince): Mr. Chairman, I have just a short question. A question arises in my mind in connection with the repealing of these sections of the Vocational Rehabilitation of Disabled Persons Act and the Unemployment Insurance Act. I am going back to clause 20. I wonder whether the new advisory board will now, on the co-ordination of rehabilitation services for disabled persons, carry some responsibility for retarded children and adults' work, which in this whole process has been moved around a bit. I wonder whether this board will be advising the minister on the advancing work that goes on in the whole field of retarded persons.

Mr. Marchand: I think they will have the same jurisdiction as before. It is the same group of people we want to cover under the new set-up. I do not understand the purpose of the hon. member's question. Is he afraid that there will be a limitation which does not exist under the present law?

Mr. MacDonald (Prince): I am asking this question for information and to find out whether the new advisory board will indeed be responsible for retarded persons' work.

Mr. Marchand: They can make recommendations for all groups of persons which fall under federal jurisdiction.

Mr. MacDonald (Prince): There is some confusion here, Mr. Chairman. Maybe this is not the time and place to clarify it, but there is some confusion whether responsibility for the rehabilitation for retarded persons falls within the realm of the manpower department or the department of health. I see that the parliamentary secretary to the Minister of National Health and Welfare is sitting behind the minister. Perhaps there is time for an instant conference on this question. I think it is something that needs to be clarified because there is confusion abroad as to where responsibility is exercised in these matters.

Mr. Marchand: There is no doubt that we in the Department of Manpower and Immigration have a responsibility concerning retarded children. I gave an address in Quebec a few days ago and mentioned what we were doing for retarded children. But of course, this is related to the employment of retarded children. The health aspect of retarded children falls under the jurisdiction of the Department of National Health and Welfare.

Mr. MacDonald (Prince): The minister is saying that where it is related to a matter of employment it will come under his jurisdiction, and hence under this new advisory board under the act that we are considering; is that correct?

Mr. Marchand: That is right.

Clause agreed to.

Mr. McCleave: Mr. Chairman, I move an amendment that a new clause be added, namely, clause 26. I send it to the table and I shall read the same. I move, seconded by the hon. member for Argenteuil-Deux-Montagnes, that Bill No. C-150 be amended by adding thereto the following:

Clause 26 (1) The chairman of the council shall, within three months after the termination of each fiscal year, transmit to the minister a statement relating to the activities of the council for that fiscal year, including the financial statements of the council and the Auditor General's report thereon, and the minister shall cause such statement to be laid before parliament within 15 days after the receipt thereof or, if parliament is not then sitting, on any of the first 15 days next thereafter that parliament is sitting.

(2) The council may prepare and cause to be published a review of medium and long term manpower and immigration prospects and problems.

(3) The council may cause to be published such studies and reports prepared for the use of the council as it sees fit.

Manpower and Immigration Council

• (9:00 p.m.)

I will speak very briefly to the motion if I may, Mr. Chairman. I think it is essential in our parliamentary process that in setting up creations such as that which is set up by this bill there be some connection between the parliament of Canada and the particular bodies that have been established. I have made that point before.

Second, Mr. Chairman, I think the minister need not fear this process because the action of these boards will help him to educate the public to our manpower and technological needs. It should not inhibit the members of the council, because even though there may be disagreements among the members themselves, what they present to the public is surely the consensus of their views.

[*Translation*]

Mr. Marchand: Mr. Chairman, this is an amendment which, from every aspect, seems very reasonable and designed to protect the rights of parliament and democracy.

Prior to adopting such a resolution, I believe that we must try to see what effects will follow the proposed procedure.

First of all, there is that whole part of the report of the chairman of the council concerning finance; there is indeed much exaggeration. There is exaggeration because this report must be delivered by the minister here in the house. When the item of the estimates relating to the advisory boards is considered, the members will be able to get all information they wish, that is, for instance, how much someone has received as fees on travel expenses, the whole having been checked by the auditor general, according to the regular procedure of the house. Then, questions may be asked in the house and the minister will report. The chairman of the council, who is not a fulltime civil servant, will have to ask our department what expenses have been made, that is to say he will have to ask the department, in fact, to make his report to the House of Commons; this means that we keep control—for the boards are dependent upon the department, in short; they are integrated within the very structure of the department. So, I cannot see the necessity for this outside control since such control may be maintained from within.

In fact, we are trying now to subject the proposed council to the same requirements almost, as we have for the Economic Council of Canada, which is an independent body with power to spend money, which has its own budget and is not dependent on any department. In that case, I well understand that a report may be required similar to the one this amendment seems to require from the chairman of the council.

All this part seems to guarantee the rights of supervision of the House of Commons but in fact it guarantees nothing at all and simply weighs down the legislation through a repetition or, if you prefer, it is an embarrassment through a duplicate procedure, since the same ends can be achieved by other means.

Now, this is a minor issue as far as I am concerned, but there is a major point, and I would like to deal with it for a few moments.

Some hon. Members: Oh, oh.

[*English*]

Mr. Marchand: I think it is a very important point, Mr. Chairman, and I should like to be heard in the house on this.

Mr. Nielsen: Take half an hour.

[*Translation*]

Mr. Marchand: These boards, as we know, are advisory bodies and they are also representative bodies, for people are sent by their association to take part in a certain way in the implementation of the legislation, as the hon. member for Carleton (Mr. Bell) said very well, or endeavoured to say, this morning.

Since I have myself been a member of those boards—I was appointed when the official opposition was in power—I worked with them and I can say that the atmosphere is not one of conflict or competition between management and the employees as that which pervades other organizations; each member is really making an effort to make sure that the legislation is implemented fully.

But as soon as those persons—especially the representatives of labour movements or of employers' or other associations—will become aware that their activities could be reported to the House of Commons, then the position and the character of the councils are changed, in that those people will feel compelled to take positions consistent with the requirements or the wishes of their own association.

[*English*]

Mr. Ricard: There are not now.

Mr. Marchand: What I am saying is very important, Mr. Chairman, and has nothing to do with what is going on behind me.

[*Translation*]

Mr. Chairman, since I have convinced the opposition, I shall say no more. But I feel it would be extremely serious to accept such an amendment, because, for one thing, it is partly useless and secondly, which is serious, it destroys the very nature of advisory councils. I therefore think that the committee should reject the amendment.

[*English*]

Mr. Starr: Mr. Chairman, I should like to ask the minister a question. How different is this procedure in respect of the council from the procedure under the unemployment insurance advisory board legislation?

Mr. Marchand: I think that the advisory board makes recommendations mainly on financial matters.

Mr. Starr: No.

Mr. Marchand: It can go further than that, but usually they only make recommendations when there is a consensus. The labour organizations are directly represented on the board, and that board is much more balanced than this type of board. It is the duty of this advisory board to advise the minister and even the House of Commons, and in that case I think the procedure is normal.

There are also financial considerations. If, for example, the level of benefits is raised, that is an important matter for the house. The other board does not have such financial responsibility, and that is why the procedure is different.

• (9:10 p.m.)

Mr. Starr: They do not raise the level of benefits.

Mr. Marchand: No, no; but they can recommend it to the house—

Mr. Starr: Can these people recommend benefits?

Mr. Marchand: Through the minister, to the house.

Mr. Starr: Can this board recommend certain aspects?

Mr. Marchand: I think it could. I think that these advisory boards are very well integrated into the structure of the department and to accept this amendment would be to destroy the value of these boards. I will tell my hon. friend something that is very simple. Supposing that tomorrow I nominated a chairman, or supposing that this government nominates a chairman—

An hon. Member: Why not nominate the hon. member for Timiskaming?

Mr. Marchand: —and then, suppose that another party is in power here; this chairman may decide to embarrass the government with this council. That is not the purpose here. This body is to help the minister, not to fight him.

Some hon. Members: Oh, oh.

Mr. Marchand: Yes. That is the purpose. The purpose of this body is to help the minister so that the law is properly applied. That is why I believe this amendment to be bad. It will not do anything. If it does something, it will be to the detriment of the good administration of the law.

Mr. Benson: Question.

The Chairman: Is the committee ready for the question?

Amendment (Mr. McCleave) negatived: yeas, 41; nays, 70.

The Chairman: I declare the amendment lost.

Shall clause 1 carry?

Clause 1 agreed to.

Title agreed to.

Bill reported.

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

Mr. Starr: At the next sitting of the house.

Mr. Marchand: Mr. Speaker, may we have the unanimous consent of the house to proceed with third reading?

Mr. Monteith: No, let us stick to the rules.

Mr. Deputy Speaker: Unanimous consent of the house is required for third reading at this time. Does the house give that unanimous consent?

Mr. Starr: At the next sitting of the house.

C.N.R. Financing and Guarantee Bill

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. E. J. Benson (for Mr. Sharp) moved the second reading of Bill C-151, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1967 to the 30th day of June, 1968 and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Mr. Speaker, my parliamentary secretary, on the introduction of this bill, explained its purpose. It was in the usual form for the annual C.N.R. financing. During the resolution stage, however, several questions were raised which I propose to deal with now. This would facilitate the movement of the bill through the committee of the whole, clause by clause.

Several points were raised by the hon. member for Saint John-Albert (Mr. Bell), the first of which was that the Canadian National and Air Canada should make public their balance sheets. I wish to indicate that the Canadian National and Air Canada do publish their balance sheets. These may be found in the separate annual reports which are published by each company and subsequently tabled in this house.

The second point was that there should be a separate bookkeeping system for Air Canada to provide a truer up to date picture than is now available, so that Air Canada might be compared with Canadian Pacific Airlines.

My comment in this regard is that Air Canada maintains a separate bookkeeping system and, as mentioned previously, publishes its own annual report. Its financial statements are audited by a recognized firm of chartered accountants. The certificate of this firm accompanies the published statements and indicates that they are in accordance with generally accepted accounting principles. Any loans payable to the C.N.R. are clearly set out as a special item on the air line's balance sheet. Comparison of Air Canada's financial position and operating results with those of other Canadian air carriers, including Canadian Pacific Airlines, may be found in considerable detail in publications issued by the Dominion Bureau of Statistics. I shall be pleased to provide these to my hon. friend.

[Mr. Starr.]

The third point the hon. member raised was that Air Canada's net debt fund ratio is not correctly shown in available figures.

• (9:20 p.m.)

Air Canada's debt-equity ratio may be readily established from the published balance sheet and compared with those of other air lines. I would be pleased to provide a comparison if the hon. member wishes to make one. The fourth point was that the profit and loss situation of Air Canada is not really known. However, it is indicated in the statement of income included in the annual report and again, in considerable detail, in statistics published by the Dominion Bureau of Statistics.

The hon. member for Calgary North (Mr. Harkness) complained that parliamentary authority is being sought now for C.N.R. expenditures which have, in fact, already been made. I should like to point out that as laid down in the Canadian National Railways Act the annual capital budget is approved by the governor in council upon the recommendation of the minister of transport and the minister of finance; subsequently it is laid before parliament. As a general rule, parliament refers the budget, along with the company's annual report, to the committee on transport and communications. While strictly speaking, the authority for making the capital expenditures indicated in the budget is granted by the governor in council and does not require further parliamentary approval, the budget is set out in the annual financing and guarantee act for parliamentary approval as the relevant basis for the financing and guarantee authorities, which parliament is being asked to provide through a bill such as this.

Another point made by the hon. member for Calgary North was that the C.N.R. should follow the practice of government departments in accordance with which expenditures must be approved through estimates. The annual financing and guarantee act contains several technical sections relating to guarantees, borrowing powers and so on, which are legislative in nature and do not lend themselves readily to inclusion in estimates. Other provisions could of course be included in estimates. The estimates for this year already contain provision for C.N.R.'s 1967 deficit of $15 million. A separate bill has the merit, however, of having all the financing and guarantee provisions together and avoids any charge of using the estimates for legislative purposes. Hon. members on the other side know the difficulty I have had in the past two

years with regard to items in the estimates which are legislative in nature while those estimates were being considered in committee of the whole.

I believe those were the main points raised by hon. members opposite and I am putting forward these explanations now in order to facilitate the passage of the bill.

Mr. Thomas M. Bell (Saint John-Albert): In an effort to be helpful we have checked over here and we find there is some agreement—I am certainly not speaking for everybody—that this is a routine measure and that there is little change, if any, from what has been done in other years. It has been customary to allow second reading without extended debate.

I wish to say quickly, though, that there are some on this side who are experiencing problems which they might have raised on this occasion, but they are willing to wait for the debate on the budget or some other occasion before doing so. As I said yesterday, we are not happy with the changes in the ministry. But I will leave it at that for the moment.

If the minister would look up the proceedings, he would find there was some agreement that Air Canada should be given a fully separate status, independent of the C.N.R. I know there have been full bookkeeping disclosures and proper balance sheets issued. What appeared in *Hansard* was misunderstood. I am merely of the opinion that in these days when the company is dealing in hundreds of millions of dollars and is in direct competition with C.P.A., it should produce a full balance sheet comparable in every respect to that of the C.P.A. That was my point.

I might add that provided no other questions arise I am willing to agree to second reading of this bill, and I say this as an indication of our co-operation.

Hon. D. S. Harkness (Calgary North): I raised my objections last night to the present method of providing legislative approval for expenditures which are, in effect, government expenditures, because in my opinion it is a wrong approach. Nothing the minister has said this evening has changed my views in that regard.

I have brought this matter up in previous years; I did not raise it yesterday for the first time. I had hoped that this method of financing the C.N.R. and Air Canada would have been changed by now so as to bring it into line with the normal method of government financing. In every other case where government expenditures are made an estimate is put before the House of Commons and authority for the expenditure is sought. After all, the primary job of the House of Commons is to grant money to Her Majesty for public purposes. But here is a case in which the House of Commons is being asked to grant money to Her Majesty for public purposes after it has been spent. The government comes to the House of Commons and says: Air Canada has spent so much—in this case, $264,800,000—for capital purposes and we want you to give authority for having spent the money.

This is wrong in principle. I do not say there is anything wrong as far as the expenditures themselves are concerned, but I think it is wrong that this anomaly should continue. The minister told us it would be difficult to bring in estimates applicable to these expenditures. But the bulk of these expenditures has been made for capital purposes and in acquiring investments in affiliated companies. A list appears on page 2 of the bill—road property, $79 million; branch lines, $13 million; equipment, $85 million; telecommunications, $14 million; hotels, $4 million; Air Canada, $67 million. Surely, there would be no difficulty about producing an estimate of what was required for hotels, branch lines equipment, and so on and bringing it before parliament in the same way as any other government expenditure is brought before parliament with a request for authority to spend money up to the sum provided. I suggest strongly to the minister that this should be the last year in which things are done as they are being done today. In future we should be presented with the estimate of the C.N.R. and Air Canada in the same way as the estimates of other departments and branches are presented, and parliamentary approval secured before the expenditure has been made.

This is the only way in which parliament can exercise control over the expenditures of government branches, that is to say by limiting the amount which can be spent for specific purposes. This is what parliamentary control of the purse means. If there is no such control over these crown corporations then, in essence, there is no control over their expenditures.

Mr. Norman Fawcett (Nickel Belt): I do not intend to take up much time but as a former employee of the C.N.R. and as one who still

holds seniority in train service I think I should not neglect this opportunity to say a few words. Moreover, as a former representative of one of the unions which represent railway employees, there is a particular point I should deal with.

First, I might say I am in no way opposed to this bill. I realize it is more or less a matter of form, something which must be dealt with if the C.N.R. is to continue in operation.

• (9:30 p.m.)

I am sure the top officers of the C.N.R. deserve commendation for the realistic view they have taken of their obligations in many respects. I refer particularly to passenger services, a type of transportation which it seems the other line has decided to abandon altogether. I will not develop this point extensively except to say that the C.N.R. has shown a greater realism in its approach to its responsibilities, something which has resulted in a much better employee-employer relations attitude.

The matter with which I wish to deal was touched on by my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), last night. It is the inadequate pensions received by many former C.N.R. employees. One has to understand the C.N.R. pension system to realize the awkward position in which some of these people have been placed. As my colleague said, if parliament is to be asked to assume responsibility for making funds available for C.N.R. operations, then we should insist that something be done for some of its retired employees.

In practically every locality there is the case of C.N.R. pensioners living side by side, both having given the company 45 years service, but the one who was pensioned off six seven, eight or ten years ago is getting a very inadequate pension, while the other gets an adequate pension. Something must be done about this. We must insist that something be done to help such pensioners, mainly those who have been on pension for seven or eight years.

I hope the new Minister of Transport (Mr. Hellyer) will insist that the C.N.R. accept proper responsibility for these people. I have received letters by the dozen from them. Many of them belong to retired people's organizations. Sometimes they send petitions; sometimes they send individual letters. They feel they are not getting a square deal. They did not have the same opportunity to contribute to pension funds as employees pensioned off more recently. They have been just as dedicated in their service, have worked just as hard, have served as many years as more recent pensioners, yet all they get is a subsistence pension.

[Mr. Fawcett.]

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

Clause 2 agreed to.

On clause 3—*Capital expenditures authorized for 1967.*

Mr. Herridge: Mr. Chairman, this clause deals with the question of capital expense. It reads as follows:

> The National System is authorized,
>
> (a) to make capital expenditures not exceeding in the aggregate $264,800,000 in the calendar year 1967 in the following estimated amounts for the purposes of capital investment:
>
> Estimated requirements in the calendar year 1967:

Road property	$79,701,000
Branch lines	13,125,000
Equipment	85,304,000
Telecommunications	14,595,000
Hotels	4,875,000
Investment in affiliated companies:	
Air Canada	67,000,000
Other	200,000
	$264,800,000

My point in rising is to mention the fact that throughout the years the leader of our group and other prominent members of it have urged that social capital be provided by the Bank of Canada, and we cannot understand why we have to go through this procedure.

Mr. Byrne: That is the Social Credit theory.

Mr. Herridge: Well, you have got one of your members who will support me on this proposal, the hon. member for Medicine Hat. I hope to get support from him because he knows I am on sound ground. Social capital required by the federal, municipal and provincial governments should be provided by the Bank of Canada in the form of loans on the basis of securities offered by the federal government, at an interest rate which will provide for the servicing of the loans, instead of this country having to import $1,000 million, as it did last year, of United States funds to provide capital investment for provincial and municipal governments. I see the minister looking at me, but I believe I am pretty close to the figure that was involved.

What I want to know is why we should finance our social capital through this type of bill? Why can't the Bank of Canada provide

this capital, accepting securities from the federal government for the investments involved? I would like the minister to explain why this cannot be done. It is a policy we have advocated throughout the years. Only recently I read a letter from our leader to the Social Credit League in British Columbia endorsing this policy.

Mr. Benson: Mr. Chairman, the biggest holder of government of Canada bonds is the Bank of Canada. The Bank of Canada takes up a substantial amount of any new issue of the government of Canada. At the moment it is the biggest holder in the country of government of Canada bonds, which are used for financing social capital, as the hon. member call this particular expenditure.

In the case of the C.N.R., the financing can be done in either one of two ways. The government can borrow the money directly from sources including the Bank of Canada, which would take up a big part of the loan, with the chartered banks taking up a substantial part also, and then advance the money to the C.N.R. Alternatively, the C.N.R. may borrow directly with a government guarantee but it would have to pay a higher interest rate if it did. It can be done in either manner.

• (9:40 p.m.)

Mr. Leboe: Mr. Chairman, I should like to add my support to the plea that we extend the policy of the Bank of Canada in this regard, because we know that the interest that is paid by the government of Canada on bonds that are held by the Bank of Canada is returned to the consolidated revenue fund.

Mr. Benson: If it makes a profit.

Mr. Leboe: You got the message all right. I should like to make the plea that there be a continual increase in this policy so that eventually the Bank of Canada will hold a great deal more of the national debt than it does at the present time. I should like to commend the government for increasing it a couple of per cent in the last few years, but I would like to see it increased even more.

I should like to support the hon. member for Kootenay West in his plea that the Bank of Canada become more of a functional bank rather than something which is there to buy and sell bonds simply for the sake of regulating the money supply without any regard to the interest charges we are paying to capital investors from outside to do the job we are trying to do in Canada.

Mr. Herridge: Mr. Chairman, I wish to make one further comment. I was very pleased that the minister admitted the Bank of Canada can provide funds for investment in social capital and is doing so at the present time. All I urge is that this policy, which originally was a policy devised by the C.C.F., be extended so that finally we can get all our social capital provided and will not have to go to other countries to obtain loans and send interest there to meet the obligation.

Mr. Fulton: There is the greatest proponent of the application of the idea of social capital I have ever seen.

[*Translation*]

Mr. Laprise: Mr. Chairman, I heard, indeed with pleasure, the participation of the member for Kootenay West (Mr. Herridge) to the debate. I am pleased that he has asked that the Bank of Canada supply funds, at least for the time being, to Crown companies.

I therefore also invite the minister to take the necessary steps so that the Bank of Canada can finance our crown companies in part. And I ask him: why could this same Bank of Canada not finance the whole Canadian National debt as well as those of all the other crown companies? I find that, with regard to the Canadian National, for instance, at least in recent years, we are given an annual report indicating surpluses and profits, but when the interest on that debt is taken into account the profits are transformed into deficits.

The same holds true in respect of the St. Lawrence seaway administration. Since its establishment in 1959, this company has always made profits, but due to the interest on its debt, those profits have become a deficit which is an onus on Canadian consumers who make up for it in taxes when they buy products shipped through that seaway.

Therefore, I invite the minister to continue to consider thoroughly the representations made this evening. I am pleased to note that the member for Kootenay West is supporting the demands of the Social Credit party to that effect. I do not know if he feels that there is some sort of socialism in such a policy. As for me I do not see any. It would simply mean that money would be made available to the people through the Bank of Canada and this is the purpose of our request. I think that if the government can ask the Bank of Canada to finance some small undertakings as is the case at the present time, the same Bank of Canada could finance all the investments of the government.

Mr. Grégoire: Mr. Chairman, I must say that the electoral district of Roberval is also a very fine one, there are very sympathetic people there, and I would be very happy to be the member for Roberval. But since they already have a very good representative and in view of the fact that I am deeply attached to my riding of Lapointe and my constituents, I, nevertheless, prefer to retain the constituency of Lapointe.

I had another point to raise in connection with clause 3 of Bill C-151, but before raising it, because it concerns me very deeply, I should like first of all to support the request made by the hon. member for Kootenay West which is, in fact, a reasonable one, since the hon. member for Cariboo (Mr. Leboe) and the hon. member for Chapleau (Mr. Laprise) have supported it. This request is to the effect that the Bank of Canada provide the financing of the construction and the development of the Canadian National and other public bodies. Now, today, when the Bank of Canada buys bonds, it invests in private enterprise. So I am wondering whether the Bank of Canada has the right to buy bonds from private enterprise; if it has the right to buy shares or bonds from private enterprise, why would it not have the right to do so in the case of public bodies, of municipalities, of provinces, of crown corporations? And then, if the Bank of Canada buys bonds from public organizations, municipalities, provinces or crown corporations, I wonder why the Bank of Canada, which is another public body, would try to make money out of a public body? It would be the same thing as to rob Peter to pay Paul. So since it is admitted in principle and recognized as a fact that the Bank of Canada can buy bonds issued by private enterprise, why not recognize the fact in the case of state enterprise? It seems to me it would be most logical. And if the Bank of Canada can buy bonds from public enterprise, I am wondering why the Bank of Canada, which is itself a public enterprise, a state enterprise, should make profits out of state enterprise? It would be illogical and ridiculous. And then we come to the most logical and most simple conclusion suggested by the member for Kootenay West, seconded by the member for Cariboo and the member for Chapleau, and it is that the Bank of Canada should finance, at a nominal administrative cost, the public bodies and public undertakings, government undertakings. It is simple. If the Bank of Canada is doing this in the case of private enterprise, all the more reason for it to do as much for state undertakings.

[Mr. Laprise.]

I should now like to raise another point. It is said here that the national system, that is, the Canadian National Railways Company is authorised to make capital expenditures not exceeding in the aggregate $264,000,000, including $79 million for road property and $15 million for branch lines.

Mr. Chairman, I should like to put a question to the Minister of National Revenue and President of the Treasury Board. Where have these works been done? In Quebec? I should like to know about the work done in each province. The Minister of National Revenue could give me this information, but perhaps he does not have the figures at hand. He may not be able to give them to us before ten o'clock. We could interrupt our examination of this clause and take it up again tomorrow. I should like to know where these works have been done. The C.N.R. may have made some improvements or built some new lines, but not, I think, in the province of Quebec.

In the case of the Saguenay-Lake St. John area, for instance, there has been no marked improvement in the railway system, as train service is just as poor as ever. If the service seems to be faster, it is because the train now does not make any stops where it used to. That is the only reason. The train still runs at 60 miles per hour: 20 miles up and down, 20 miles from side to side and 20 miles forward, for a total of 60 miles per hour.

Now, after investigating the matter, I also found out that the number of miles of railway lines in service at present in Quebec has been reduced rather than increased.

So, where was this work done? Where were those structures erected? Where was the equipment used? The new equipment? I know that train service was discontinued in several areas in Quebec. However, the Rapido was put in service between Montreal and Quebec, for the duration of Expo, with four daily trips each way. This was a noteworthy improvement to the Quebec-Montreal line service.

I hope that with all those expenditures and amounts authorized to-day, the same service will be provided after Expo, as this train was always full and as many people have used this train to go from Quebec city to Montreal and vice versa.

So, Mr. Chairman, I would ask the Minister of National Revenue, who is now sponsoring this bill, to tell us how this amount of $264,800,000 was spent, by province. For instance, what proportion of the $79 million has been spent in each province, for road purposes? He

could give us this information. He could also tell us how many branch lines were built in each province. As for equipment, how much of the $85,304,000 was spent in each province? Expenditures to the tune of $4,875,000 are provided for hotels; how much of this was spent in each province? There is also investments in affiliated companies. Obviously, for Air Canada, it is to purchase aircraft, for interprovincial flights, and it would perhaps be more difficult to give any figures.

In any case, Mr. Chairman, I should like the minister to provide that information. It may be that the minister does not have it at hand since I put the question to him on the spur of the moment; but perhaps he would agree to putting off adoption of clause 3 until tomorrow. It is five to ten. If the minister agrees to do so, we could have an answer tomorrow. Does the minister have those figures now?

• (9:50 p.m.)

[*English*]

Mr. Benson: Mr. Chairman, I could not give the details of all the capital expenditures, including the breakdown by provinces, as quickly as that, particularly with reference to such things as rolling stock and so on. I will be very pleased to undertake to get this information from the C.N.R. for my hon. friend and provide a reply by letter to him or in answer to a question he may wish to put on the order paper. I will ask the C.N.R. to supply the information. I do have some details in respect of certain branch lines such as at Mattagami, Sarnia, Amesdale-Bruce Lake, Stall Lake-Osborne Lake, Watrous-Guernsey. I have the details for these branch lines and there may be others included. I will undertake to provide the information to my hon. friend in one of the ways I have suggested.

[*Translation*]

Mr. Grégoire: Will the hon. minister agree to postpone clause 3 until the end of our examination? Tomorrow, before continuing the consideration of clause 3, the minister could bring us these details.

Obviously, I cannot blame the minister for not having the answer at hand. I know that when such a bill is considered in committee, some members may raise questions just as difficult as the one I am putting and that is why I have no idea of blaming the minister for not having the reply at hand but I think the information which he has supplied is inadequate and does not answer the question I have raised.

He has given us information regarding construction of seven or eight branch lines for an expenditure of $13,125,000. Railroad property cost $79,701,000, which is a large amount.

I should like to know how much has been spent in each province out of this amount of $79,701,000, out of the sum of $13,125,000, out of the $85,304,000 for equipment, out of the $14,595,000 for telecommunications and out of the sum provided for hotels.

So if the minister prefers to adjourn consideration of clause 3 until tomorrow, at which time we may continue the examination of the other clauses, we may have a complete reply tomorrow.

[*English*]

Mr. Benson: Mr. Chairman, if we could move forward with this bill I could give the information in respect of the road property. This information is available to my hon. friend in the capital budget of the C.N.R. which was tabled in the house. The information he is asking for is available to the house at this time.

All we are asking for in this particular bill is the right of the government of Canada to guarantee the loans. The question I suggested was difficult to answer related to the breakdown by provinces, and I doubt that I could provide that information by tomorrow. I will undertake to ask the C.N.R. to do that if it is possible. Let me repeat that the information in respect of road property has been broken down by regions and is available in the budget which has already been tabled.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I have received the committee report on the C.N.R., but I did not find in it the answer to the question I asked, by province.

As for the study made by the transport and communications committee, the Minister of National Revenue is probably not aware of it and I even believe he does not approve of such action. But I shall tell him this: Mr. Chairman, I have been systematically kept away, brushed aside, along with the hon. member for Sherbrooke (Mr. Allard). We are the only ones to have been systematically eliminated from the committees. We do not sit on any committee. If the minister tells me that this information has been given in the transport and communications committee, I say to him it is really unfortunate, but if we

are not members of the committee, it is precisely because the government tried to gag us by systematically keeping us away.

I am probably the only member here that does not belong to any committee, the less so to the transport and communications committee. This is why I did not attend the proceedings of the transport and communications committee and why I did not get this information.

Therefore, I must be satisfied with asking questions in the house since I do not have the opportunity to ask them in the committee. I admit this may give a little trouble to the minister. But what can I do, Mr. Chairman; it is not I who established this discrimination towards the member for Lapointe, but rather the government. I will not blame the Minister of National Revenue; I know he is not the type to participate in that kind of discrimination. I have always thought better of him. Therefore, I did not obtain the answers in committee, because I was not allowed to be a member thereof. No answer can be found to my specific question in the annual report of the C.N.R. Then, I think that it would be advisable to call upon the Minister of National Revenue to obtain the information from the C.N.R.

As it is past ten o'clock, well, Mr. Chairman, I would like to call it ten o'clock which would give the Minister of National Revenue the opportunity to provide an answer to-morrow.

[*English*]

Mr. Benson: Mr. Chairman, I did not suggest in my answer to the hon. member that the information was contained in the annual report of the C.N.R. I referred to the capital budget of the C.N.R. which has been tabled in this house. This is not available only to committee members but to all hon. members of the house who want to look at it. My hon. friend could have obtained most of the information he is asking for from that budget if he had wanted to look at it.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to tell the hon. Minister of National Revenue that I took the trouble to look for this information, but the expenditure in these different fields in not indicated for each province; let the minister see for himself.

If this information had been contained in the report, the minister would not have had to get up and say: I do not have the figures. Nor would he be forced to say: I do not know whether I shall be able to give these figures tomorrow. If this information were contained in the report, the minister would not have said that he would perhaps be unable to give me these figures tomorrow. The minister cannot even give these figures tonight or tomorrow because it may take a long time to find them. They are obviously not contained in the report on capital expenditures, for then he would be able to quote them. He could have sent another member to fetch the report in his office in less than two minutes and given the figures. If he is unable to give us this information tonight, it is because it is not contained in the report. Therefore, the minister should not tell me to take the time to read the reports; I have read them, but they do not contain the information and this is the reason why I am asking the minister to give me the answer.

I will now call it ten o'clock, Mr. Chairman.

[*English*]

Mr. Benson: Mr. Chairman, I will give the hon. member a copy in order that he may look at it.

Mr. Starr: Mr. Chairman, I realize that an hon. member has called it ten o'clock, but in order to expedite the business of the house and in view of the fact that probably this bill could be passed this evening if we are patient, we are prepared to sit beyond ten o'clock.

• (10.00 p.m.)

The Assistant Deputy Chairman: Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

Mr. Grégoire: Mr. Chairman, far from me the idea of delaying unduly the progress of our business but let us set aside consideration of clause 3 and take it up tomorrow.

The minister has just given me some loose sheets. It is not a report but photostatic sheets of which I did not get any copy and which have not been tabled.

I have received the reports of the C.N.R., the report on capital expenditures, but I did not get this one and I have not even looked it over yet. Therefore, if the minister agrees to postpone consideration of clause 3 until tomorrow, so that I may have a satisfactory answer, I will tell him that I have no objections to carry on with the consideration of the rest of the bill tonight if we could make some progress. It has never been my intention to delay unduly our business; on the

contrary, I am glad and happy when everything goes well and smoothly and everything is considered in great detail but, in this case, there is a matter about which I should like to get some answers which I have not been able to receive in committee because I did not sit on the committee.

In order to allow the minister to carry on with the consideration of his bill, I am prepared to study the rest of the bill except clause 3 which will stand until tomorrow; otherwise, Mr. Chairman, I call it ten o'clock.

[*English*]

Mr. Starr: Mr. Chairman, my offer was conditional upon our passing the bill completely tonight. In view of what the hon. member has said, it is obvious that he does not wish the bill to be passed this evening.

Progress reported.

[*Translation*]

Mr. Grégoire: On a point of privilege, Mr. Chairman—

An hon. Member: Order.

Mr. Grégoire: On a point of privilege, Mr. Chairman—

The Assistant Deputy Chairman: Order, please—

[*English*]

order; the only thing that would be in order at this time would be for somebody to ask what the business of the house will be tomorrow.

Mr. Starr: We know that.

BUSINESS OF THE HOUSE

Mr. MacEachen: Mr. Speaker, under the new and efficient management of the house these things are all well known.

Mr. Fulton: In order to facilitate the debate, Mr. Speaker, I would ask what estimates were arranged for tomorrow.

Mr. MacEachen: Mr. Speaker, I have not had an opportunity to speak to the Minister of Labour (Mr. Nicholson) about the request conveyed by the Leader of the Opposition (Mr. Starr) to deal with a specific item. However, I hope that before—

Mr. Fulton: It is wheat tomorrow, is it not, and not housing?

Mr. Starr: I think tomorrow we will be dealing with the estimates of the Department of Trade and Commerce.

Mr. MacEachen: Yes, Mr. Speaker, the estimates of the Department of Trade and Commerce, item 1.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

COMMONWEALTH RELATIONS—DISCUSSION WITH HER MAJESTY RESPECTING POSSIBLE CONFERENCE

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, once again I appreciate the great generosity of my distinguished colleague, the member for Kootenay East (Mr. Byrne), who is so concerned with the matters I submit in this house, that every evening after ten o'clock he remains in the house to give these points a very friendly and very efficient consideration.

Mr. Speaker, the matter I should like to bring forward tonight offers a great deal of interest, for the good reason that we are living exciting hours in Canada.

The major problem in the present context is that of Canadian unity.

I should like to make a digression to point out to the house very prejudicial publicity. I am thinking of such serious papers as the Toronto *Telegram* and others with a wide circulation, which print headlines such as this one: "How will Quebec separate" and the picture of Pierre Bourgault on the first page. I think that newspapers such as these are more deleterious to Canadian unity than all the wild statements that can be heard here and there throughout the country.

It is unfortunate, Mr. Chairman, that such disproportionate attention is given to movements that, in fact, express the opinion of but a very small minority. I am afraid to state that, in the province of Quebec, the majority, and a large one at that, hold the view that Canadian unity is priceless and should be safeguarded.

I should like to take advantage again of this digression to say that, if Mr. René Levesque is a separatist candidate in Quebec, he will be beaten, and soundly so, and I am not afraid to say so.

However, if problems crop up in Quebec, it is not up to René Lévesque to speak on behalf of Quebec. There are federal members

here, 58 Liberal members from Quebec who reflect the opinion of that province better than a demagogue like René Lévesque. Still, if there are problems, it is because, in fact, the Canadian ideal which should exist is sadly lacking. Indeed, there is almost a total absence of Canadian ideal. And it is so because we have neglected to Canadianize our institutions.

When the Prime Minister (Mr. Pearson) had a Canadian flag adopted in 1964, it was a step forward. Our institutions were then being Canadianized, our Canadian ideal was being strengthened; all Canadians were being asked to rally around a symbol in which they take pride and which flies now over the world fair. How humiliating it would have been, Mr. Chairman, if, in 1967, during the world fair, when hundreds of thousands of people visited us from abroad, we had not had that distinctive symbol as witness to Canadian unity.

Let us Canadianize our institutions. That is the purpose of my question tonight. I ask the government, or its authorized spokesman, whether it would not be advisable to convene a conference of all commonwealth countries and decide whether the term "British subject," which is there and applies to most Canadian citizens, could not be changed without prejudice to the respect for man and with the agreement of all commonwealth countries.

Canada wants to and must remain in the commonwealth, an economic and political association of nations united under the symbol of the British crown. There is nothing offensive about that, but since Canadians, proud to be Canadians, are still British subjects, we should think it over and wonder whether a conference of the commonwealth could not consider the possibility of amending such a statute and all that in effort for Canadianization, Mr. Chairman. In the past, it used to be called the British Commonwealth; today, it is called the Commonwealth of Nations. And what would prevent the British crown from presiding still over that association. But, even so, all the countries which are part of that association can also say that the citizens of those countries are no longer subjects but citizens.

That is the reason why I urge the government authorities to see to what extent they could encourage a good initiative, request or suggest the calling of such a commonwealth conference and ask all the representatives of the commonwealth countries to take action so that we will be citizens of each of the countries which make up the commonwealth and to discard the label "subject" in order to further the spirit of Canadian unity, the reason we are willing to fight against people like René Lévesque who is only trying to create disorder to satisfy his selfish ambitions.

[Mr. Choquette.]

[*English*]

• (10:10 p.m.)

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, if I were to repeat any of the compliments I paid the hon. member for Lotbinière (Mr. Choquette) last evening it might be assumed that we belonged to a mutual admiration society.

Mr. Knowles: Don't you?

Mr. Byrne: It goes without saying that the energetic and youthful member for Lotbinière is indeed versatile and well versed in many subjects. He has introduced a new subject this evening, one not entirely related to the question which was put by him on July 4, 1967.

Personally, I do not feel qualified to comment on the relative positions of political parties in Quebec. Specifically I am not qualified to talk about Mr. René Lévesque; nor, indeed, am I interested in what Mr. René Lévesque believes to be best for the interest of Quebec. From what I have heard, I may say that I cannot agree with him.

The hon. member raised an interesting question. The Secretary of State for External Affairs (Mr. Martin) and his parliamentary assistant are attending the sessions of the United Nations; both would have been interested in hearing what the hon. member had to say, and I shall be pleased to bring the matter to their attention. I may say that, for the moment, no plans are under way for convening a commonwealth prime minister's conference in the near future.

PUBLIC SERVICE—LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on the basis of a question which I put yesterday afternoon to the President of the Treasury Board (Mr. Benson), as reported in *Hansard* on page 2431, I return once again to the matter of pensions of retired civil servants.

There must be a word which means "again for the one thousandth time". At any rate, I return to the subject tonight and as earnestly

and strongly as I can, I plead with the President of the Treasury Board to do everything he possibly can to get action on the matter soon.

The subject was under discussion in the late show period last night. My hon. friend from Carleton expressed indignation, indignation which I share. The parliamentary secretary to the present minister took exception to that approach. I hope I may get somewhere if I take a different approach.

I plead with the minister to realize how deeply disappointed, almost disillusioned, are the people who are concerned about this matter. The minister knows that he himself in June, 1966, a year and a quarter ago, gave his personal consent to this subject being referred to a special joint committee on the public service of Canada. That indication on his part was a word of encouragement which seemed to say that after all the years we have been fighting over this matter we were about to get somewhere. In January, 1967, the consent the minister had given was transformed into reality when the appropriate motion was made referring this question to the special joint committee on the public service. That joint committee did a tremendous job on this issue and it made a unanimous report on May 8 of this year recommending that immediate action be taken to increase the pensions of retired civil servants. I emphasize, again, that this was a unanimous report and that it was made by a committee of both houses with all parties in both houses represented thereon.

An immediate assurance was given that the matter would be considered and action taken at the earliest possible moment. I emphasize that this could have been acted upon before we adjourned for the summer on July 7. For a time it looked as though it might have been, because of the words of assurance which were given. But when July 7 came we were told we would have to wait until the fall. Not only were we told we would have to wait until the fall, but we were told by the President of the Treasury Board that an announcement of a specific proposal would be made in the fall. I plead with the minister not to get up and tell me tonight that it is still the fall. By the calendar it is—

Mr. Benson: It is only four days old.

Mr. Knowles: But the retired civil servants and their families believed that a recess of 11 weeks would certainly be long enough for the government to act, and that the necessary legislation would be ready when we resumed yesterday. An assurance that something would be done was given not only by the present minister but by the Secretary of State for External Affairs (Mr. Martin) who entered the debate on the last day before we recessed, July 7. I was castigated for insisting that action be taken before we rose. I replied to that criticism by saying this, as reported in *Hansard* for Friday, July 7 at page 2360:

> I know, if we are asked to wait until fall on this issue, that there will be other matters that will have priority. We would not reach the matter until October or November, and these people would not get their increase until next December or January. I know further, Mr. Speaker, that unless action is taken now we have no guarantee that action will be taken in the fall.

I was told that I lacked faith, that I lacked confidence, that I did not appreciate the deep concern on that side of the house over the plight of these people. I was told this on the floor of the house and out in the hall. They said: "Stanley, we are just as concerned as you are." But you, sir, as a member for an Ottawa constituency, know as I do what this means to many thousands of these people.

• (10:20 p.m.)

I could use the language that was used last night, and on occasion I probably will use it. I think it is a hoax that for months these people have been led to believe something was going to take place. But, Mr. Speaker, I put it to the President of the Treasury Board in terms of the strongest plea I can make—don't mislead these people, don't disappoint them, don't disillusion them any longer.

Parliament has spoken through a joint committee of both houses. It has said something should be done and should be done soon. The government has said through the mouth of the Secretary of State for External Affairs, through the mouth of the President of the Treasury Board, and through the mouth of the Prime Minister (Mr. Pearson) that active consideration is going to be given to that report and that something is going to be done.

We were told something was going to be done this fall, but yesterday the answer we got was that the matter was still under consideration and that when a decision is reached the house will be informed. That is the kind of answer we have been getting ever since May 8. I am afraid if that kind of answer continues to be given, my prediction of last July 7 will prove to be correct, that by not having got the matter dealt with then the battle is almost lost. So far as I am concerned

it will not be lost. We shall keep at it until it is won.

I do not know who it is in the cabinet who is holding this up. I know one member who was against it, for he told me so. I can mention this now because he has since left the cabinet. But there must be somebody else in the cabinet who is objecting to it. I know where the President of the Treasury Board stands. He has told us publicly, and I am sure he will not mind my saying that he has told me personally and privately. He thinks something should be done. I plead with him not to let this issue be stalled any longer. Let us have action on it now. I see, Mr. Speaker, that you are at the edge of your chair and so I leave my earnest plea with the President of the Treasury Board.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, I would simply reply briefly to the hon. gentleman opposite by saying the steps he has outlined were the steps that were taken. He indicated my personal concern in this particular matter. In due course the government agreed to refer it to a joint committee of the house and the other place. That committee made its report and the committee report was then transmitted to cabinet.

The cabinet has been considering the matter. I can assure the hon. gentleman only that the matter is still on the cabinet agenda. It has not been dropped by the cabinet, but a decision on the matter by the cabinet has not yet been made. When a decision is made I will transmit it to the house. As the hon. member has indicated, he knows my personal feeling in the matter, and I trust it will not get too far into the fall before a report can be made to the house by myself.

CANADIAN BROADCASTING CORPORATION —SASKATOON—INQUIRY AS TO STATION CONSTRUCTION

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I should like this evening to make a plea once more in the house for C.B.C. television coverage for the constituency of Saskatoon and the surrounding area. Undoubtedly the government must be aware that the story of C.B.C. coverage for my constituency has been a story of frustration, a story of delays, a story of indecision. In other words, nothing has been done despite numerous petitions and letters sent over the past few years to the government of Canada and also to the C.B.C.

We are wondering where exactly the hold-up on this matter is. I refer to the white paper on broadcasting. At page 10 it points out:

> The government has advised the Board of Broadcast Governors that, pending the enactment of new legislation, it is now prepared to consider issuing second-station television licences on the recommendation of the board, subject to the reservation for the use of the Canadian Broadcasting Corporation of channels in Victoria, B.C.; Saskatoon, Saskatchewan—

Of course that came after the big freeze was put on any expansion by the C.B.C. The government has advised that it is prepared to consider issuing these licences. What has happened since? Nothing very much has happened. Along came the report of the standing committee of the house on broadcasting which, on page 9, reads as follows:

> The committee concurs with the statement on structure appearing in the white paper—

That is the one to which I have referred.

> —particularly with reference to extending coverage to all Canadians, and to full network services in both official languages.
>
> We recommend further that, wherever practical, in areas now receiving only one Canadian service, if the service is through a private outlet, the alternative should be provided by C.B.C. If C.B.C. is now the sole service, the second service should be private. Where there are serious obstacles to such parallel development, however, these should not prohibit the extension of alternate service by other means, at least on a temporary basis. We urge that the introduction of dual service proceed as rapidly as C.B.C. finances and local market conditions permit.

I submit that the local market conditions certainly have been met in the city of Saskatoon with the broadcast area it has. We are the only major city in western Canada which is without a C.B.C. television outlet. I think it is very important indeed that the people in this area should have the privilege of sharing in the benefits from the tax money which is used in the support of the C.B.C.

Despite everything we have done there always seems to be something blocking the actual construction of a C.B.C. station at Saskatoon. You will recall that it was held up first by the government freeze on expenditures by the C.B.C. Then, permission was given to go ahead, but the B.B.G. hearing was delayed. The hearing was to be held in January but was delayed until April. Finally, the B.B.G. gave approval early in May this year. Then the Department of Transport, which had to pass on the technical matters, gave its permission as well.

Now, what has happened? I, personally, have attempted to find out by phoning several government departments which might

seem to be involved in this, but I have been unable to get an answer from anyone concerning what has happened. The press, which seems to know things before members of parliament do, has pointed out that cabinet approval has been held up. If this is the case, then in view of the fact that the government already has stated in the white paper that it is prepared to consider issuing these licences, I wonder why the cabinet could not immediately consider allowing the commencement of construction of a C.B.C. station at Saskatoon.

If this construction is not started soon or is held up much longer, then the program series, which I think was to start in September of 1968, will be held up for an additional year since the transfer between the private station and the C.B.C. station would require some time to enable them to work out the programming. So that there will not be a further delay of one year, some decision should be made very soon so that the C.B.C. can commence construction. This affects not only the Saskatoon constituency but also many of the surrounding constituencies which would be served by the radius of television coverage which I understand the C.B.C. has suggested. Apparently they have in mind a satellite to serve the Kerrobert area. As we all know the hon. member for Kindersley (Mr. Cantelon) has risen in his place from time to time pointing out the importance of C.B.C. coverage for this area and why they feel there should be a C.B.C. station in Saskatoon with the consequent satellite coverage for them.

I should like to know whether in the very near future the cabinet will allow the C.B.C. to start construction of a C.B.C. station. We think it is of vital importance to a city which is the second fastest growing city in Canada and also one of the finest, as my colleague the hon. member for Rosthern (Mr. Nasserden) has pointed out. We believe it is very important that a city which is major in every possible way in western Canada should have this coverage. I would appreciate it very much if the representative of the government could tonight give us the assurance that in the next few days the cabinet will give favourable consideration to the immediate construction of a C.B.C. station in Saskatoon.

• (10:30 p.m.)

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, just as I had an affinity with the hon. member for Lotbinière (Mr. Choquette) this evening, I should like to assure the hon. member for Saskatoon (Mr. Brand) that both he and I walk in the same wilderness so far as C.B.C. television is concerned within our ridings.

I only wish I could take the hon. member on a trip through the East Kootenay to let him hear of the complaints and concerns of the people in my riding which is served to the extent of 20 per cent to 25 per cent by off air service; that is by C.B.C. television. All other receivers are on a wire line and are paying a substantial amount for this service. As suggested by the white paper, before granting a second license we are first endeavouring to provide television service for the majority of the people in Canada. I might say that the majority of the people in my riding are not receiving C.B.C. television.

Be that as it may, I am sure this matter is being given very careful consideration by the ministers concerned with this matter, namely the Minister of Transport (Mr. Hellyer), and the Secretary of State (Miss LaMarsh). As I am here this evening apparently to make apologies because of the absence of these ministers, who are unable to be in their places because of illness or important business, I will undertake to bring this matter immediately to their attention and indicate the very forceful manner in which the hon. member for Saskatoon (Mr. Brand) has brought this matter to the attention to the house.

Motion agreed to and the house adjourned at 10.34 p.m.

HOUSE OF COMMONS

Wednesday, September 27, 1967

The house met at 2.30 p.m.

[*Translation*]

HEADS OF STATE

PROVISION FOR INCLUSION OF O CANADA IN SALUTE

Mr. Auguste Choquette (Lotbinière) moved for leave to introduce Bill No. C-152, intituled "An Act respecting the salute to the head of state".

Some hon. Members: Explain.

Mr. Choquette: Mr. Speaker, when the national anthem of a friendly nation is booed by a crowd, it is always an odious sight.

In Canada, an obsolete and colonialist protocol fosters that type of deplorable incident which, amongst others, occurred when General de Gaulle, arriving on the *Colbert*, set foot on Quebec soil. An anthem other than that of Canada was immediately intoned.

The purpose of this bill is to correct an annoying anachronism and to allow the anthem "O Canada" to serve as a salute to the head of state, in the presence of the governor general, since the latter represents first and foremost the head of state of Canada.

Motion agreed to and bill read the first time.

[*English*]

CORPORATE AND CONSUMER AFFAIRS

PROVISION FOR ESTABLISHMENT OF DEPARTMENT, APPOINTMENT OF PERSONNEL, ETC.

Hon. John N. Turner (Registrar General) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to establish a Department of Corporate and Consumer Affairs; to provide for the appointment of a minister and a deputy minister and for their duties and powers; to provide that the governor in council may establish a consumer advisory council and other bodies to assist the minister and for the remuneration and expenses of the members thereof; and to provide for certain other matters related or incidental thereto.

Motion agreed to.

POST OFFICE ACT

AMENDMENTS TO PROVIDE FOR INCREASES IN POSTAL RATES, ETC.

Hon. Jean-Pierre Côté (Postmaster General) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Post Office Act to increase by one cent the postage rates for letters posted in Canada for delivery in Canada; to provide an amended rate structure for newspapers and periodicals; and to provide further for certain changes in connection with the administration of the act, more especially in relation to tenders and contracts.

Motion agreed to.

EMERGENCY GOLD MINING ASSISTANCE ACT

PROVISION FOR EXTENSION OF APPLICATION

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to extend its application to the years 1968, 1969 and 1970.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CRUELTY TO ANIMALS—POWERS OF MAGISTRATES

Question No. 148—**Mr. Mather:**

Has the Prime Minister received petitions in support of private member's bills C-155 (1966) and C-38 (1967) extending the powers of magistrates in dealing with cases of cruelty to animals and, if so (a) how many petitions were received (b) in what form (c) from residents of which provinces (d) what consideration is being given to such petitions?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Prime Minister's and Privy Council offices and the Department of Justice as follows: Yes. (a) 2,950 containing 3,668 signatures; (b) Letters, cards and lists of signatures; (c) All except New Brunswick; (d)

The government proposes to introduce at this session an amendment similar in principle to that proposed in Bill C-38.

FEDERAL COMPLIANCE WITH LABOUR STANDARDS CODE

Question No. 244—**Mr. McCleave:**

1. Do all federal government departments now carry out the provisions of the Canada Labour (Standards) Code with respect to (a) part I—hours of work (b) part II—minimum wages (c) part III—annual vacations (d) part IV—general holidays?

2. If there are exceptions, what are they and when will they be corrected?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Standards similar to those set out in the Canada Labour (Standards) Code with respect to minimum wages, annual vacations and general holidays are enjoyed by all employees of federal government departments. The only known exception to this concerns the rates of remuneration received by cadets in the Canadian Coast Guard College which are in some cases lower than $1.25 per hour. The cadets are, of course, involved in a formal apprenticeship program which will ultimately have beneficial career effects, a situation for which the code makes provision.

2. With respect to hours of work, most public servants work a 37½ hour or 40 hour week; this is, of course, equal or superior to the minimum standard in the code. Nevertheless, hours in excess of the standards established by the code are worked in certain field operations, isolated locations and under exceptional circumstances directly related to operating requirements. The Treasury Board has had such types of situations under close study to determine the most practicable methods of meeting the code standard while recognizing the best interests of the employees and the requirements of service to the public. In several such instances it has proven possible to reduce hours to the code standard or very close to them. Efforts along this line are continuing and it is felt that collective bargaining will assist the process since it will provide the vehicle for making known the employees' wishes with respect to various alternative solutions.

STUDIES RESPECTING NATIONAL CAPITAL BRIDGE CONSTRUCTION

Question No. 273—**Mr. Isabelle:**

1. Is the present site of the Macdonald-Cartier bridge the result of a study or suggestion made by the town planners of the National Capital Commission and (a) if so, in what year was this result made known to the public (b) if not, who authorized the construction of the bridge at that place?

2. What were the priorities established in 1952, 1956, 1960 and 1964 by the town planning committee of the N.C.C., concerning the construction of bridges over the Ottawa river between the Quebec side and the Ontario side?

3. To the knowledge of the government, did the N.C.C. in its study on the economic prospects of the national capital area, mention the westward shifting of the inhabitants of the N.C.C. area both on the Quebec and Ontario sides, since 1947?

4. In the master plan for Hull and district, which was made known in 1964, and in connection with the regional development for Hull, Aylmer, Deschênes, Lucerne and Hull West, what were the 1986 population forecasts for each of these municipalities of western Quebec?

Hon. G. J. McIlraith (Minister of Public Works): 1. No.

(a) Not applicable. (b) A special technical committee set up to study this question, known as the Ottawa river bridges committee, comprising representatives of the Ontario department of highways, the cities of Ottawa and Hull, the federal Department of Public Works and the federal district commission endorsed the present location of the Macdonald-Cartier bridge which was recommended in a report prepared by Messrs. De Leuw Cather and Company 1956. The construction of the bridge at this site was confirmed finally at a special meeting dealing primarily with cost sharing held April 28, 1960, attended by the federal Minister of Public Works, the minister of highways and provincial treasurer of Ontario, deputy minister of public works, Quebec, the mayors of Ottawa and Hull, and their respective staffs.

2. 1952—The Gréber report of 1950 established as first priority the replacement of the Alexandra bridge and allocated second stage priorities to the Lemieux island and Deschenes bridges. A bridge at the location of the Macdonald-Cartier bridge was not mentioned. The federal district commission used this report as a guide to the development of the national capital and adjusted its recommendation in the light of the information available at the time of the development of a project.

1956—The federal district commission brief in 1956 recommended to the joint committee of the House of Commons and Senate, the construction of an Ottawa river bridge as priority 5 among many prospective joint

projects. The joint committee's report in reply to this brief stated:

> The acute congestion at rush hours would be greatly relieved if the tracks were removed from the Interprovincial Bridge. Adequate approaches to the bridge on both the Ottawa and Hull sides should be constructed at once. An entirely new bridge should be built as soon as possible to take the place of the old bridge.

1960—The Gréber report of 1959 to the National Capital Commission gave the Macdonald-Cartier bridge first priority of the Ottawa river crossings. This location was accepted at the special meeting of April 28, 1960, referred to above, at which the chairman of the National Capital Commission was present.

1964—The Lemieux Island bridge now had top priority as the Macdonald-Cartier bridge was being built.

3. The report on economic prospects, national capital region, prepared by Larry Smith and Company for the National Capital Commission, indicates continuing residential population growth westward on both sides of the river, with most of the growth occurring in Ontario. The report also forecasts residential development east of the existing Ottawa-Hull area.

4. The 1986 population forecasts in the master plan for Hull, Aylmer, Hull South (now Lucerne), Deschenes, and Hull West prepared in 1963 were as follows:

East of Gatineau park: City of Hull, 70,000; Hull West, 8,000; total, 78,000.

West of Gatineau park: Aylmer, 12,000; Deschenes, 2,500; Lucerne, 25,500; total, 40,000.

REGULATIONS RESPECTING CONTRACTUAL COMMITMENTS OF CROWN CORPORATIONS

Question No. 283—**Mr. Caouette:**

1. Has the governor in council established any regulations concerning the conditions under which an agency corporation may undertake contractual commitments under section 83 of the Financial Administration Act?

2. What are these regulations?

3. Are there such regulations for proprietary corporations and, if so, what are these regulations?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. The governor in council has established regulations under which certain agency corporations may undertake contractual commitments pursuant to section 83 of the Financial Administration Act. Currently, these regulations apply to three agency corporations: the National Capital Commission, the National Battlefields Commission and the Northern Canada Power Commission.

2. The government contracts regulations, P.C. 1964-1467, P.C. 1966-533 and P.C. 1967-12.

3. No.

INCOME TAX PROCEEDINGS, CANADIAN JAVELIN CO.

Question No. 305—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the income tax division any action or proceeding in the Exchequer Court or before the income tax appeal board in connection with the income tax defaults of (a) John C. Doyle (b) Canadian Javelin Limited (c) subsidiaries of Canadian Javelin Limited?

2. If so, what are the amounts of claims against each of the above?

3. If any (a) decisions (b) settlements have been made in any of the said cases, what is the nature of each?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. (a) Yes. (b) No. (c) No.

2. A writ of extent was issued out of the Exchequer Court of Canada against John C. Doyle on the 8th day of July, 1963, for the sum of $3,410,130.90. (b) Not applicable. (c) Not applicable.

3. (a) Mr. Doyle appealed to the tax appeal board regarding the assessments against him. The decision rendered on June 6, 1967, by the Chairman, Mr. Cecil L. Snyder, and concurred in by Mr. Maurice Boisvert, member of the board is:

> The appeal for the taxation year 1950 is allowed in part and the assessment is varied to add to the appellant's income for 1950 the sum of $200,000 in place of the sum of $400,000 assessed by the minister. The assessments levied by the minister of $160,939.35 and $183,173.11 for the taxation years 1953 and 1954 respectively are approved and these appeals are dismissed.
>
> The further assessment for the year 1954 of the sum of $2,080,000 is approved in principle but the assessment is referred back to the minister for reassessment to permit the deduction of approximately $280,000 incurred by the taxpayer in acquiring the property in Chile wherein the amount of profit derived from this venture is held assessable to income tax.

(b) No settlement has been made by which tax properly assessed has been reduced.

Questions

PENSIONS TO JUDGES FOR PERMANENT INFIRMITIES

Question No. 308—**Mr. McCleave:**

1. How many persons receive pensions under section 23 (1) of the Judges Act by virtue of being afflicted with some permanent infirmity disabling them from the due execution of office?

2. Without specifying their names or identifying them by provinces, what were the permanent infirmities submitted as the reason for resignation of office, by those now receiving pensions?

3. What is the practice followed by the governor in council in deciding requests of this nature and what medical opinion is required?

Hon. P.-E. Trudeau (Minister of Justice): 1. Sixteen.

2. Six heart disease; 5 cerebro-vascular disease, including strokes and other complications; 1 disseminated sclerosis; 1 prostatic disease; 1 mental illness; 1 complications of therapy for a malignant tumor; 1 high blood pressure; progressive physical and nervous infirmity with advancing age.

3. Each case is considered on its own merits and one or more medical opinions are obtained, depending upon the nature of the infirmity and the notoriety of the circumstances surrounding the request.

SURVEY OF MEDWAY RIVER, NOVA SCOTIA

Question No. 329—**Mr. Crouse:**

Is there a survey being conducted by the federal Department of Fisheries on the Medway river in Queens county, Nova Scotia, at present and, if so (a) what is its objective (b) who authorized the installation of a counting device which impedes the flow of fish to their natural spawning grounds (c) have any salmon passed through the counter (d) what arrangements have been made to distribute or dispose of the kiaks killed by the counter (e) how many salmon have died in the counter box (f) how many salmon have been caught in the heavy wire screening and iron rods blocking the river (g) has a report been filed by the fisheries protection officers on the number of smolt, spawned kiaks and other fish travelling down river which have been killed while endeavouring to pass through the counter box?

Hon. H.-J. Robichaud (Minister of Fisheries): Yes. (a) The collection of basic engineering and biological data essential for the development of a scientific management program for the Medway river. (b) Counting facilities are essential tools for the collection of data and are authorized by senior departmental officials for this purpose. (c) Over 200 salmon and grilse passed through the counting fence to July 18. (d) It is not unusual for kiaks to die naturally after spawning. The dead kiaks accumulated on the fence were collected and buried; the number was insignificant compared with the total run. (e) None. (f) None. (g) The resource development service is undertaking this project and will prepare an internal report.

DISMISSED DIRECTORS OF CROWN CORPORATIONS

Question No. 347—**Mr. Caouette:**

1. Over the past ten years, have there been any cases of dismissal of directors of crown corporations defined as proprietary corporations by the Financial Administration Act?

2. If so, what are the names of the dismissed directors, and why were they dismissed?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the proprietary corporations as follows: 1. No.

2. Not applicable.

MONTREAL—COST OF ROADS, HIGHWAYS AND BRIDGES IN PORT

Question No. 352—**Mr. Davis:**

What has been the total cost to the federal treasury, since 1955, of roads, highways and bridges built within the confines of the port of Montreal and charged either to the National Harbours Board or to Expo 67?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Department of Trade and Commerce is concerned: the cost of roads, highways and bridges within the exhibition grounds is $23,248,580, of which $19,027,070 will be permanent and $4,221,510 temporary.

The total asset value of the permanent bridges and roads is $15,221,650, leaving a balance of $3,805,420.

The National Harbours Board advises as follows: $55,967,088 in so far as the National Harbours Board is concerned.

COST OF EXPO '67

Question No. 353—**Mr. Webb:**

What has been the actual cost of Expo '67 to date?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The agreement entered into on January 18, 1963, by the government of Canada, the government of the province of Quebec and the city of Montreal stipulates that the government of Canada shall pay 50 per cent of the cost of the exhibition, the government of the province of Quebec 37½ per cent, and the city of Montreal 12½ per cent. The gross expenditures to July 31, 1967 are $333,592,741,

which includes capital, administration, operating, public relations and financing costs. Revenue accruing before, during and after the exhibition from the sale of passports, bonus books, concessions, royalties, sponsorship, advertising and sale of assets, etc., will be applied against gross expenditures.

COST OF HIGHER EDUCATION

Question No. 360—**Mr. Orlikow:**

What is the approximate total cost, at the present time, of educating the following qualified persons up to (i) bachelor's (ii) master's, and (iii) doctor's levels (a) engineers (b) mathematicians (c) physicists (d) scientists (e) physicians and surgeons?

Hon. Judy V. LaMarsh (Secretary of State): At present no reliable figures are available. A cost study in Canadian universities and colleges is presently being done by the Association of Universities and Colleges of Canada with financial support from my department. Preliminary results of this study should provide reasonable accurate information by the summer of 1968.

QUESTION PASSED AS ORDER FOR RETURN

NATIONAL CAPITAL BOUNDARIES

Question No. 336—**Mr. Caouette:**

As of July 1, 1967, what were the exact boundaries of the national capital, as opposed to the "national capital region"?

Return tabled.

• (2:40 p.m.)

[*Translation*]

CANADIAN CONFEDERATION

CANADIAN UNITY—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I ask leave, seconded by the hon. member for Roberval (Mr. Gauthier), to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely: should our country, Canada, remain a single country or should it be partitioned to please the destructive elements that want to destroy the basis of national unity, and also to establish clearly the definition of one nation or two nations in Canada.

Mr. Speaker: Would the hon. member for Villeneuve be kind enough to explain to the house the urgency of debate.

Canadian Unity

Mr. Caouette: Mr. Speaker, as things are going in Canada, I think it is more urgent to debate our very existence as a country or as a nation, than to deal with wheat commitments or agreements with the United States or other countries, or even housing, because if our country is on the brink of anarchy or revolution, it is obvious that neither wheat nor housing will have much importance in our country.

Mr. Speaker, the very existence of our sovereign country is at stake. The confusion now prevailing everywhere in Canada in that regard must be cleared up. And it is here, in the Canadian parliament, that it must be discussed. I think that we are at least two years late here in the federal parliament to debate that question. But it is better late than never. The time has come, I think, as we say in good French, to take the bull by the horns. It is not too late yet and we must not be afraid to state that we are in Canada.

Mr. Speaker, as I just said, the Canadian parliament is at least two years late. It is a matter of restoring order in that tower of Babel.

Some of our people are in favour of the associated states, others prefer independence and sheer separatism; we have some in favour of the sovereign state within a Canadian union—

Mr. Speaker: Order. I feel I must interrupt the hon. member to remind him, as I did yesterday when a similar motion was put, as well as the day before yesterday when another motion, of the same kind was introduced, that under the provisions of standing order 26, the mover and those who speak on that motion must restrict themselves to the matter of the urgency of debate. The point is to convince the Speaker, if possible, that the debate should be held today rather than later this week, next week or at the earliest opportunity given to the house to discuss that problem. I would invite the hon. member to restrict himself to that point.

Mr. Caouette: Thank you, Mr. Speaker. This is not a matter that concerns the future. Indeed it does, but this question should have been settled, cleared up and discussed two years ago here in parliament, in order to know where we stand.

It is urgent to know whether Canada is made up of one or two nations. It is urgent that we know whether we should choose between a republic, Canada as it is at present or an improved Canada. That is why we must

take a stand in order to avoid any more confusion, both inside and outside Quebec, as well as the acts of terrorism which occurred the other day at Pierrefonds or right in the city of Montreal when the confederation train passed through, and in several other spots in the province of Quebec.

In my opinion, Mr. Speaker, it is imperative that we know whether we are Canadians, or whether there are two or ten kinds of Canadians. It is up to the federal parliament to take a stand, to discuss this matter as soon as possible.

Mr. Speaker: Order. If that is the general opinion, I would ask hon. members not to broach such a general subject in the present circumstances.

Hon. members know that the representatives of all parties have agreed to discuss this afternoon a matter concerning which a similar motion was introduced a few days ago. In my opinion, there will be complete chaos if we put off the debate scheduled for today, by a motion introduced under standing order No. 26. I do not see the usefulness of putting off the business of the house in order to allow this sort of debate.

The hon. member for Villeneuve himself recognizes the wide scope of the question; that was the sense of the speech he has just made. I would remind him of citation No. 100 in the fourth edition of Beauchesne's Parliamentary Rules and Forms where, under subsection (8), it is written:

> I do not think that under the standing order... a motion on a subject of this kind, having such a very wide scope, was ever contemplated.

And it seems to me that this citation applies exactly to the situation which the hon. member would call to the attention of the house and I think that I should immediately give my ruling that this motion is not in order.

Mr. Grégoire: Mr. Speaker, on a point of order. I think that standing order No. 26 states that those who would express their opinion on the urgency of a debate are entitled to do so. It is included in the standing order and was added, if you recall, Mr. Speaker, because previously, the ruling of the Speaker could be appealed. Lest anyone be able to appeal the ruling of the Speaker, it was added to the standing order that the Speaker was required to take into account the advice or the opinion of those who wished to speak on the question.

[Mr. Caouette.]

At this time, I believe we have not had the opportunity to speak on this point and the ruling has already been brought down.

I Mr. Speaker, and I admit quite frankly, that if this problem could have been settled this afternoon, I would have been happy. Let it be settled, so that we may finally know what is what. We might have decided this afternoon the whole question of whether independence or associated states would have been better. That I would have liked to know.

Mr. Speaker: Order. I can see the merits of the objection taken by the hon. member for Lapointe (Mr. Grégoire) under the standing order which he read but I think that he will also see the merits of the ruling which I have made. He will understand that even if he or other hon. members attempted to convince me that a debate of this kind should take place this afternoon, it would be in vain. Under the circumstances, I do not feel that a prolonged debate should be allowed.

I make this ruling quite aware of the fact, as I said before, that the hon. member for Lapointe is right when he says that as a rule the Chair must listen to the argument presented by those interested in the matter and who suggest that the adjournment of the regular business of the house is necessary in order to consider the motion moved by an hon. member.

But, I have come at once to the conclusion that such a debate would not be necessary. I would suggest to the hon. member for Lapointe to wait for another opportunity to make his representations.

Mr. Mongrain: Mr. Speaker, I rise on a question of privilege.

I think it is my privilege to set forth my arguments in favour of the urgency of debate on that matter; however, if I should be out of order, I would ask you to set me straight. I am surprised, Mr. Speaker, that you made your ruling so hastily this afternoon; usually, you take everything into account and take into consideration the opinion of minorities with a generosity that does you credit.

I should like to say at the outset to set the record straight that I am not a separatist. On that point, I dissociate myself from my friend, the member for Lapointe (Mr. Grégoire). On the urgency of debate, Mr. Speaker, I must share the opinion of the member for Villeneuve (Mr. Caouette) and the member for Lapointe, because it is more important this afternoon to debate the future of Canada than to discuss whether there will

be legislation allowing the building of houses for those who need them, although that also is urgent.

• (2:50 p.m.)

It must be realized, Mr. Speaker—and that is where I want to prove the urgency of debate—that the separatists in Quebec are creating a climate of anarchy and terrorism and that the fanatics in other provinces are making false representations and we even have to put up with international vexations of the part of some heads of state who meddle in our problems.

I think it is urgent, Mr. Speaker, because there is some anxiety throughout Canada at the present time about whether Canada will survive or not, and the problem is mainly one of understanding, of finding the meaning of the words. What do we want exactly, what is the meaning of all those words said before public opinion, especially by people seeking political advantage.

I believe, Mr. Speaker, that even if the present debate were considered as urgent this afternoon, it would still be helpful in clarifying what Quebec wants exactly and in finding out the right meaning of the words we are discussing. We run the risk of waking up to-morrow in a dead-lock; this would mean, for Canada, endless years of difficulties and perhaps the disintegration of this national unity in which we so firmly believe.

Apart from this, I think the initiative should spring from the federal government and not from the provinces. If the government wishes to retain its prestige—

Mr. Speaker: Order. The hon. member suggested himself a moment ago that I might call him to order if, in my opinion, his contribution was somehow exceeding the scope of the debate.

It seems to me that at the moment he should be called to order. The only matter which the hon. member can discuss, if he wants to, is the urgency to move the adjournment of the house this afternoon to discuss that question.

Mr. Mongrain: With all due respect for your decision, and I admit that your are much more familiar with parliamentary procedure than myself, I am trying to bring forward some arguments to prove the urgency of the debate, because I feel that the future of Canada is much more important than the future of housing in Canada.

I have enough faith in the good will of all my colleagues in the house to think that, in the opinion of the hon. member for Villeneuve, what we want this afternoon is first to define the terms in order to know whether we agree to secure the future of a united Canada. In my opinion, this is more urgent than to discuss whether a housing program will be launched tomorrow morning for the benefit of homeless persons.

Mr. Speaker: I thank the hon. member for Trois-Rivières for his comments. I should have pointed out more clearly than I did earlier that the situation this afternoon is quite exceptional.

A motion was moved yesterday under standing order No. 26, and it was agreed to discuss that motion today. I therefore asked the hon. member to postpone the subject matter of this new motion to another day that we might deal with the matter brought up by the hon. member for Lapointe (Mr. Grégoire), I repeat, under order No. 26. To proceed otherwise would be illogical. That is why I suggested, at the start, to the member for Villeneuve that discussion of his motion could not be allowed today.

Mr. Caouette: Mr. Speaker, might it be possible to discuss it Monday, for instance?

Mr. Speaker: The member can discuss the matter with the representatives of the parties of the house. Unfortunately, I cannot take that decision.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I would not want to prolong the debate since you have made your ruling, but it might be preferable that the Prime Minister indicate to the house a tentative date when we could deal with this problem which is of such significance that we must not close our eyes on the subject. Perhaps the Prime Minister would have some explanations to give us which would be helpful in finding a solution to the present deadlock?

Mr. Speaker: Order. I would suggest to the hon. members that it is almost sure that very shortly the house will be asked to consider a supply motion and the budget, and, within the scope of these two subjects, the debate proposed by the hon. members for Lapointe and Villeneuve could take place.

Once again, I am asking the co-operation of the hon. members, and I suggest that the comments they might wish to make now might easily be made when the debate proposed by the hon. member for Villeneuve

actually is considered by the house. As I have said, this might occur very shortly. I am asking for the co-operation of the hon. members for Sherbrooke (Mr. Allard) and Lapointe (Mr. Grégoire) who seem to wish to add to the arguments already brought up.

Mr. Allard: Mr. Speaker, I am quite willing to co-operate, but I should like to add one word after rising five or six times, precisely on this motion of the hon. member for Villeneuve (Mr. Caouette) who raised the most important, the most capital question in Canada at this time. I shall dwell for perhaps 60 seconds on the urgency of debate.

I say it is an urgent debate but I would ask the hon. member for Villeneuve to take this into account so that the debate may be held after the following events have taken place: the right hon. Prime Minister said yesterday that he was expecting in November the report of the Laurendeau-Dunton commission which will deal precisely with these problems of one nation or two nations on the social, cultural and political plane. There will be shortly an interprovincial conference called by Mr. Robarts. The parliamentary committee on the constitution in Quebec will get back to work shortly and, apparently, report early in December. The states general of Quebec and of French Canada are meeting on November 22. That is why the subject is so important and capital.

I would invite the hon. member for Villeneuve to press the matter further at the beginning of December, in order that we may discuss before the end of 1967, the most important problem faced by Canada.

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I believe I have some exceedingly striking arguments which will irrefutably convince you of the urgency of the debate.

My first argument derives from two different positions: the Minister of Justice (Mr. Trudeau) says there is only one nation in Canada; the Prime Minister (Mr. Pearson) says there are two. So, the debate is most urgent because the problem is liable to create a cabinet crisis, and the debate will inevitably continue on cabinet solidarity.

Mr. Speaker: Order, please. I wonder anew if it might not be wise to stop this discussion. I think I was perfectly right when I indicated a moment ago to the hon. member for Villeneuve (Mr. Caouette) that a problem of such scope could certainly not be solved by a debate within the limits of standing order 26,

[Mr. Speaker.]

and I am sure the hon. member for Lapointe surely agrees with me on this point.

I cannot imagine what argument could be put forward by the hon. member for Villeneuve or some other member of the house to prove that such a broad question should be considered this afternoon, in the very particular circumstances of the business intended for this afternoon. Once again, I wish to remind the hon. member that, in any event, I have already made a ruling I would not prevent the hon. members from stating their points of view, although I think that this debate should stop now.

Mr. Grégoire: Mr. Speaker, if we are not allowed to put forward our views on the urgency of the debate, I believe that the whole procedure was irregular. The hon. members for Villeneuve, Trois-Rivières and Sherbrooke were permitted to voice their opinion.

Mr. Speaker: Order, please. As I said before, the hon. member will certainly have the opportunity, within a very short while, to submit his representations when it is possible to have this debate. As he knows, the rules state merely that the Chair should listen to the representations and to the suggestions that are made. However, they do not state that the Chair must listen to all the arguments, all the representations of each member. I think the rules give full permission, however, to the Speaker of the House to come to a decision before he listens to the 264 members. Therefore, I ask the hon. members once again to allow me to come to the next item of business on the order of the day.

Mr. Caouette: I rise on a point of order. I think that to clarify the present situation and without embarking immediately on a debate, as you suggest, if the Prime Minister gave us some indication so as to advise us approximately when such a debate would take place in the House of Commons, it would be satisfactory to everyone because, under the present circumstances, neither the Liberals nor the Conservatives utter a word in the house, while outside the house, everybody uses phrases such as "one nation", "two nations," "two founding people" and "three founding people." One does not know where to go—

Mr. Speaker: Order. The hon. member could perhaps put that question to the Prime Minister when we reach the question period.

Mr. Grégoire: Mr. Speaker, I have here standing order 26 which states this:

Any ruling made by Mr. Speaker after listening to argument on the question or urgency.

There is no mention here that Mr. Speaker can restrict the reasons, can allow certain members to speak on the question and refuse that permission to others, but it states and I quote:

—after listening to argument—

—on the question of urgency. That is exactly what I intended to do, Mr. Speaker. You do not want me to do it. I shall not do it. I am going to co-operate with the Chair but it is rather strange that other hon. members were allowed to state their reasons and that, when my turn came, I was denied that permission, and I still wonder why.

[*English*]

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON LEGISLATION TO BE DEALT WITH

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. I ask this question in the interest of facilitating the business of the house and enlarging the comprehension of members and the public. I ask the Prime Minister whether on an early occasion he will give to parliament, as he has given to the press, a list of legislation and a detailed timetable of the priority for dealing with such legislation. This will provide Canadians across the country with some assurance that the very real issues of economic expansion, high prices, national development and national unity will be faced firmly by this parliament.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would be very glad to see that the right hon. member—

Some hon. Members: Hear, hear.

Mr. Pearson: The hon. gentleman has already begun to impress me. I would be very glad to see that the hon. gentleman is given a list of the kind he has suggested, and other hon. members also. The priority and order in which these proposals are to be taken should be worked out in consultation with the leaders of the parties. In respect of the particular matters which the hon. gentleman mentioned, which are not necessarily related to specific acts of parliament at this time, there will be a budget debate—I think it will be next week—of five days, I believe, if parliament wishes to take five days, and I hope we will be able to cover the economic situation at that time. Then there will be two supply debates very shortly. So far as legislative proposals are concerned, I suggest there be a meeting at a very early date to try to work out priorities which will be agreeable to all.

EXTERNAL AFFAIRS

VIET NAM—INQUIRY AS TO SETTLEMENT NEGOTIATIONS

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. Can he inform the house whether the Secretary of State for External Affairs, during his stay in New York leading our delegation to the United Nations, has had discussions with representatives of other governments regarding possible steps toward peace negotiations in Viet Nam? If so, can the right hon. Prime Minister inform the house whether there is some hope that such steps are being seriously considered by the governments concerned?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Secretary of State for External Affairs has discussed this and other matters with delegates to the United Nations assembly. He has had several meetings with foreign ministers. Viet Nam was certainly one of the matters discussed, as indeed were other matters including the situation in the Near East.

As a result of these discussions I can only say at this time that there is nothing to encourage the view that constructive negotiations on the war in Viet Nam can begin at this time. But that does not mean we are not pursuing with others at the United Nations the possibility of changing that situation. My hon. friend the Secretary of State for External Affairs made his statement to the assembly today. He dealt with this matter, among others, in that statement. I hope he will be in the house tomorrow, and perhaps he will be in a position then to answer questions on that statement.

Mr. Lewis: A supplementary question, Mr. Speaker. Could the right hon. gentleman inform the house whether the government has recently made representations to the government of the United States urging it to stop the bombing of North Viet Nam, particularly,

if I may put it this way, the irresponsible and dangerous bombing within miles of the Chinese border?

Mr. Pearson: Mr. Speaker, this matter was included in my hon. friend's statement today. He had discussed this and other matters with the representative of the United States government. If my hon. friend has read that statement he will have noticed—I am paraphrasing the words of the Secretary of State for External Affairs because I have not the text before me—that the Secretary of State for External Affairs did not see any hope of negotiations until the bombing of North Viet Nam stopped; words to that effect.

Mr. David MacDonald (Prince): Mr. Speaker, I wonder whether the right hon. gentleman would express the feeling of appreciation of many, I am sure, on this side of the house over the minister's very strong stand at the United Nations this morning pressing for the early suspension of bombing in order that talks might begin.

Mr. Pearson: I will be very glad to do that, Mr. Speaker.

CUBA—CALL BY O.A.S. TO SUSPEND TRADING

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is to the right hon. Prime Minister. I should like to ask him whether the government has received any formal communication from the Organization of American States regarding its call to friendly nations to cease trading with Cuba.

Right Hon. L. B. Pearson (Prime Minister): Not to my knowledge, Mr. Speaker. We have received the resolutions of that conference but there has been no approach made to Canada by the organization itself in connection with the resolutions or the meeting which was held in Washington recently. At least I had no knowledge of any such approach early this morning but I will make further inquiries.

[*Translation*]

CANADIAN CONFEDERATION

QUEBEC—REPORTED PLAN FOR INDEPENDENCE IN FIVE YEARS

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister.

[Mr. Lewis.]

Is the Prime Minister aware of the existence of a plan which would allow the Union Nationale to achieve independence for Quebec within the next five years?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Only from what I have read in the newspapers, Mr. Speaker, including a statement which apparently was made this morning by a representative of the government of the province of Quebec denying the significance that has been attached to any such statement. I am not sure, in fact, that he did even deny its existence.

[*Translation*]

Mr. Caouette: Mr. Speaker, I have a supplementary question.

Does the Prime Minister recognize the urgency of a debate on this matter in case such a plan did exist, and when could this debate take place here in the federal parliament?

[*English*]

Mr. Pearson: I can think of no more important subject to be discussed in this house at the right time and in proper circumstances, and I hope that will be very shortly.

[*Translation*]

[*Later:*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I have a question for the Prime Minister.

In view of the statement made in Montmorency by the member for Matapédia-Matane (Mr. Tremblay) on the eventuality of a Canadian republic, could the Prime Minister tell the house whether the matter has been referred to the cabinet, and whether it is the intention of the government to introduce shortly in this house a bill to amend the constitution of the Canadian government?

Mr. Speaker: I do not think that this question is in order in the circumstances.

Mr. Allard: Why not?

[*English*]

TRADE

ASSISTANCE TO INDUSTRIES AFFECTED BY GENEVA AGREEMENTS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question

to the Minister of Industry. Has the government any plans for easing the impact of the Kennedy round tariff reductions on companies whose products are sold only in the Canadian market? If so, when does the government expect to announce such plans?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, consideration has been given to this question. Plans are in preparation and when appropriate an announcement will be made.

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): A supplementary question, Mr. Speaker. Could the minister say whether there are any plans to protect the agricultural products of Canada?

Mr. Drury: Mr. Speaker, I point out that such products are not within my province, and I prefer not to be too precise on that.

Mr. Roger E. Régimbal (Argenteuil-Deux-Montagnes): A supplementary question, Mr. Speaker. In view of the fact that one of the consequences of the Kennedy round tariff adjustments might well be to create unemployment in certain industries, has the Minister of Industry consulted with the minister of manpower for the purpose of setting up a crash program to accelerate the retraining and relocation of the employees affected by those changes?

Mr. Drury: Mr. Speaker, such discussions have been held.

[*Later:*]

Hon. E. D. Fulton (Kamloops): I should like to direct a question to the Minister of Trade and Commerce or to the Prime Minister. It is related to an earlier question directed to the Minister of Industry with regard to the Kennedy round. Can the Minister of Trade and Commerce or the Prime Minister assure us that studies are being undertaken by the government to look into the possible alleviation of the impact of the Kennedy round on agriculture, such as are now being undertaken with respect to other segments of the economy? After all, agriculture is still an industry.

Hon. Robert Winters (Minister of Trade and Commerce): I shall have to speak to my colleagues about that, Mr. Speaker.

LABOUR CONDITIONS

PARTICIPATION BY BRITISH COLUMBIA IN RETRAINING PROGRAM

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, my question is for the Minister of Manpower and Immigration. Could the minister tell the house whether the province of British Columbia has yet signed an agreement with the federal government to participate in the occupational retraining program to which reference has just been made? If not, can the minister tell the house what effect this will have upon the number of positions open to persons now applying for retraining and improving their technical skills?

Mr. Speaker: Order. The hon. member will recognize that the question is perhaps too detailed and should be put on the order paper.

Mr. Groos: Mr. Speaker, if I could ask the first question I will take the second one at ten o'clock.

Mr. Speaker: It might be simpler to take both at ten o'clock.

CANADIAN PACIFIC RAILWAY

REQUEST FOR MORE EFFECTIVE METHODS OF DEALING WITH ACCIDENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the parliamentary secretary to the Minister of Transport which I know is of concern not only to both of us but to the Minister of Labour, the Minister of Transport and his department. Has the parliamentary secretary anything to report with respect to requests by Canadian Pacific Railway train crew employees for improved first aid and transportation arrangements in certain areas to deal more effectively with accidents on the railroad?

Mr. Speaker: I suggest to the hon. member that his question be placed on the order paper.

AGRICULTURE

REQUEST FOR EXTENSION OF FEED GRAIN FREIGHT SUBSIDY TO ONTARIO PRODUCTS

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): Mr. Speaker, normally I would address this question to the minister of forestry or the Minister of Agriculture, but since neither is in

the house and the matter is urgent may I be permitted to address it to the Prime Minister.

In view of the fact that the contract price for new corn in Ontario is already 25 cents a bushel lower than last year, will the right hon. gentleman undertake to have the house informed as to whether, in order to check this alarming trend, the Canadian livestock feed grain board has recommended to the government a freight subsidy on this corn which is moving into eastern markets similar to that on western grain?

Mr. Speaker: Order. This question appears to the Chair to be the type of question which should be placed on the order paper. If the hon. gentleman thinks that I am wrong he might give notice that it be discussed on the adjournment proceedings, whereupon I would give it priority.

Mr. Danforth: With all due respect, Mr. Speaker, this is a very urgent matter. This corn is in the process of being marketed. Every day's delay means a lot of money to the farmers involved. To have the matter delayed until a later debate would just increase the pressure on this particular commodity.

[*Later:*]

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, in the absence of the minister of forestry I have a question for the Prime Minister which is related to the question asked by the hon. member for Kent (Ont.) concerning the plight of the feed grain producers in southwestern Ontario.

I should like to ask the Prime Minister whether he would undertake to discuss with the minister of forestry, who answers for the Canadian livestock feed grain board, the possibility of implementing the recommendation of the standing committee on agriculture, which appears at pages 542 and 543 of the fourth report of that committee dated March 22, 1965. This recommendation suggests enlargement of the feed grain assistance policy to cover feed grain producers in Ontario whose products are destined for markets which are in eastern Canada.

Mr. Speaker: Order, please.

Right Hon. L. B. Pearson (Prime Minister): I shall be glad to discuss this matter.

[Mr. Danforth.]

BUSINESS OF THE HOUSE

PROPOSED CHANGE IN SITTING HOURS AND ORDER OF BUSINESS

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address a question to the government house leader, the Minister of National Health and Welfare. In view of the importance of the debate which has been called for today, will the government agree that this house should forgo the private members' hour and sit until ten o'clock tonight?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I will be happy to consult with my colleagues and try to reply informally later.

Mr. Raymond Langlois (Mégantic): A supplementary question, Mr. Speaker. May I ask the government house leader whether he intends to call a house leaders' meeting to discuss the matter so as to prevent any kind of backlash that might eventuate if this question is not discussed through the normal channels.

Mr. MacEachen: Mr. Speaker, I would be quite happy to discuss it with any of the house leaders.

[*Later:*]

Mr. MacEachen: I should like to rise on a point of order and clear up for the benefit of hon. members the question of the sitting hours for the rest of the day. I have had a word with, I think, most of the house leaders, and without asking them to take any responsibility for this suggestion I propose that we forgo private members' hour, continue with the estimates until six o'clock, and then follow the regular practice for the rest of the day.

Mr. A. B. Patterson (Fraser Valley): I listened with some interest to the minister's statement during which he indicated he had discussed this matter with most of the house leaders. I wish to state categorically that the minister did not mention it to any member of our party.

An hon. Member: What party?

Mr. Patterson: As for the matter which was discussed when he was over on this side of the house, he did sit beside me but he never mentioned the subject to which he has just referred. I object to his indication that the house leaders have been contacted with regard to this proposal. Furthermore, I should

like to know just why the leader of the house is taking his present attitude, whether it is deliberate or not.

Mr. Speaker: Order. A proposal has been made by the minister. Without going into the details of the intervention by the hon. member for Fraser Valley, is it agreed that the house shall sit at the times suggested by him, and is it so ordered?

[*Translation*]

Mr. Mongrain: Mr. Speaker, I rise on a point of order or on a question of privilege, if you prefer it that way. I am aware that the three independent members here do not express their opinions on all questions and it seems to me that, as representatives of the people, we should have the same rights at least as every member here and that, as a matter of courtesy, the hon. minister could have come over here to ask us whether or not we objected to that. We do not require so much after all and, even if some of my Liberal friends do not understand that we are protecting their interests at this time, I wish nevertheless to reiterate that we do not accept, whatever may be our differences of opinion, to get a poorer treatment than the other members who, for their part, resigned themselves to the guidance of a leader. We are not even asking, Mr. Speaker, that there be a leader here but, while coming this way one could have asked us: Have you any objection to that, yes or no?

That is all we are asking, to get the same treatment as the other members and I believe, Mr. Speaker, that is our privilege.

[*English*]

Mr. Patterson: It is not our intention to thwart the will of the house at this time, but I wish to say that in future we may have to examine carefully any decisions we may take if consideration has not been given to discussing such matters as this with the house leaders either individually or at a meeting.

Mr. MacEachen: On the point of order or question of privilege raised by the hon. member for Fraser Valley, the proposition was, of course, put up to each member of the house and each member of the house is free to accept or reject it. House leaders and others were treated alike. But I do reserve my position with regard to the final point raised by the hon. gentleman.

[*Translation*]

Mr. J.-A. Mongrain: Mr. Speaker, I would like to give the hon. minister the assurance that he has a very agreeable personality with which we can co-operate. All we ask is that he sees us somewhat more often and listens to us. We have nothing against him, we are agreeable to the decision he submits to the house. We are ready to accept it but as the leader of the Créditistes has said, there is a principle involved in the questions that will arise in the future.

[*English*]

Mr. Speaker: Order, please. The proposal has been made by the Minister of National Health and Welfare that the house forgo private members' hour from five to six and sit thereafter from eight o'clock—

Some hon. Members: No, no.

Mr. Speaker: —that the house adjourn at six o'clock. My understanding now is that the house is to adjourn at six o'clock having suspended the private members' hour from five to six. This requires the unanimous consent of the house. Is it agreed and so ordered?

Some hon. Members: Agreed.

RESEARCH

TERMINATION OF ASSISTANCE TO HARP PROJECT

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Industry. In view of the current discussions which are taking place, is the government reconsidering its decision to withdraw support from the HARP project?

Hon. C. M. Drury (Minister of Industry): No, Mr. Speaker. There have been very long and intensive examinations into the HARP project. The decision to terminate Canadian government assistance was made some 19 months ago. The HARP project was advised that Canadian government assistance would be terminating in a period of one year from the time of the decision. This year has now run out and circumstances do not appear to have altered so as to justify a change in that decision.

Mr. Grafftey: A supplementary question. What provision, if any, is the government

making to keep in Canada scientists who will otherwise be obliged to move to the United States with the project?

Mr. Drury: Mr. Speaker, we have been exploring with the McGill authorities other possible work alternatives for this group.

THE CANADIAN ECONOMY

INQUIRY AS TO CHANGE IN COST OF LIVING INDEX

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to address a question to the Minister of Trade and Commerce. In view of the release by the Dominion Bureau of Statistics under date of September 25 which discloses that changes will be made in 1968 in the industry selling price indexes and wholesale price indexes, can the minister advise whether changes will be made in the cost of living index, changing its present 1949 base equalling 100 to a more recent year?

Mr. Speaker: Order. The question appears to be argumentative and I do not think it is acceptable.

Mr. Crouse: Mr. Speaker, may I point out that major revisions of this type can cause considerable inconvenience to users of these indexes. Long term contracts have to be written in the immediate future which make use of these indexes. I am requesting this information because these contracts will have to contain a provision which allows for a change to higher industry selling prices, and for these reasons I think it is important that we know the government's plans in this regard.

Mr. Speaker: Order. I think the question should be placed on the order paper.

FINANCE

TAXATION REPORT—EXTENSION OF TIME FOR FILING BRIEFS

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): May I direct a question to the Prime Minister. I would ask the right hon. gentleman, does the extension announced yesterday by the Minister of Finance with respect to the deadline on the filing of briefs on the Carter report on taxation mean, hopefully, that the report is to be scrapped?

Mr. Speaker: Order, please.

[Mr. Grafftey.]

REQUEST FOR TAX REDUCTION ON PRODUCTION MACHINERY

On the orders of the day:

Mr. Jack A. Irvine (London): May I direct a question to the Minister of Trade and Commerce. In view of the increased difficulties which will be encountered because of the Kennedy round tariff agreement, will the minister recommend to the Minister of Finance that he give consideration to easing the tax on production machinery so that our own Canadian manufacturers can compete against foreign firms which are exempt from this tax?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, as the hon. member knows, under the Kennedy round agreements the tariff on production machinery coming into the country will be reduced, thereby reducing the costs that go into production.

Mr. Irvine: May I ask a supplementary question. We know the tax is to be reduced, but a tax will still remain, and it will be of such proportions that it will make it difficult for some Canadian manufacturers to compete.

Mr. Speaker: Order, please. This is argumentative.

UNEMPLOYMENT INSURANCE

REPORTED STATEMENT BY MINISTER RESPECTING UNIVERSALITY OF FUND

On the orders of the day:

Mr. M. W. Martin (Timmins): I should like to direct a question to the Minister of Labour. My question arises out of the growing concern over the past two months which was partially clarified yesterday by the statement the minister made at the Chateau Laurier. Now that the minister has clarified the position of businessmen, doctors and lawyers with regard to the universality of the unemployment insurance fund, could he extend his clarification to cover other professions, such as teachers and nurses.

Hon. J. R. Nicholson (Minister of Labour): I welcome the question, Mr. Speaker, because I welcome the opportunity to clear up a statement that has given rise to some misunderstanding. In the speech mentioned I said that there has been a trend toward universality and that certain other classes may come in. I said to the teachers, however, when their representatives met with me recently, that they are near the bottom of any universal list, if they ever do come in.

Mr. Martin (Timmins): A supplementary question, Mr. Speaker. Would the minister take this opportunity also to clarify that statement contained in his speech which refers to the extension of universality to any who are not functioning as employees on wages or salaries, or their employers.

Mr. Speaker: Order, please. I suggest to the hon. member that this line of questioning is out of order.

INDUSTRY

CONSIDERATION OF CONSTRUCTION OF INTENSE NEUTRON GENERATOR

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Has the government come to a decision with respect to proceeding with the substantial project of the intense neutron generator requested by Atomic Energy of Canada Limited?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): No, Mr. Speaker. The matter is still being studied at cabinet committee level.

Mr. Aiken: A supplementary question, Mr. Speaker. In view of the substantial size and expense of this project, is it intended to submit it eventually to a parliamentary committee or to the house for approval?

Mr. Pepin: It has already been submitted to the science council. The Prime Minister or the cabinet will decide if the step recommended is a wise one.

[*Translation*]

EXPO '67

ASSISTANCE TO VISITORS DURING MONTREAL TRANSIT STRIKES

On the orders of the day:

Mr. Georges-J. Valade (Sainte-Marie): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce (Mr. Winters) since Expo comes under his jurisdiction.

Has the minister received from the authorities of Expo 67 requests for assistance in the transportation of visitors now in Montreal to the Expo site during the strike of the public transportation system which is dragging on? Has he been approached by the authorities of Montreal or Expo 67 about that matter?

[*English*]

Hon. Robert Winters (Minister of Trade and Commerce): I have been in constant communication with the officials of Expo. I am meeting with the board of Expo in Montreal on Friday. This is a matter that is constantly before us.

[*Translation*]

Mr. Valade: I would like to ask a supplementary question, Mr. Speaker.

Can the minister tell us if he is ready to offer that transportation service if the Expo authorities request it?

Mr. Speaker: Order. The question is hypothetical.

[*English*]

BROADCASTING

PROCEDURE TO BE FOLLOWED IN CONSIDERATION OF NEW ACT

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question for the Secretary of State. Having in mind the questions and answers yesterday on the subject of the introduction of the new broadcasting legislation, and particularly whether the legislation will be referred to the standing committee on broadcasting, films and assistance to the arts, my question is this. Has a firm decision been taken on the procedure to be followed, and will the bill be referred to the committee I have mentioned after second reading?

Hon. Judy V. LaMarsh (Secretary of State): No, Mr. Speaker, there has been no decision. At the moment, I think, some discussions are going on among the representatives of the parties, but I cannot say whether there is anything firm.

EXTERNAL AFFAIRS

RHODESIA—INQUIRY AS TO PROGRESS OF DISCUSSIONS

On the orders of the day:

Mr. Heath Macquarrie (Queens): May I direct a question to the Prime Minister. Is he able to advise the house and country of any initiatives which the government is taking or plans to take, either in a commonwealth or security council context, to hasten the realization of the government's declared aims in reference to the situation existing in Rhodesia?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): I am not able to answer that question on orders of the day, Mr. Speaker. We have been having discussions with other governments inside the commonwealth with regard to the commonwealth aspect of this very important matter, and inside the security council, because this question will be coming before the security council.

TRADE

POTASH—ALLEGED DUMPING BY CANADA ON U.S. MARKET

On the orders of the day:

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, may I answer the question that yesterday I undertook to answer today. The question by the hon. member for Melville was about action being taken with respect to the alleged dumping of Canadian potash. The answer is that we are aware of the anti-dumping investigation that is being carried out by the United States treasury. This investigation is still in its preliminary stages. We are in touch with the firms involved and have provided them with relevant information regarding anti-dumping regulations and procedures applied in the United States. As I have said, this is only preliminary, and I shall report developments to the house later.

Mr. Donald MacInnis (Cape Breton South): May I ask a supplementary question in respect of the anti-dumping regulations. Is the Minister of Trade and Commerce not aware of the prices charged by Canadian producers? If so, why does he wait on the results of a United States investigation?

Mr. Speaker: That question, too, is argumentative, I should think.

[*Translation*]

CANADIAN CONSTITUTION

INQUIRY AS TO CONSIDERATION BY PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I would like to address a question to the right hon. Prime Minister. Would he consider the possibility of recommending the creation of a committee of the house to study the problem of the constitution in Canada?

[Mr. Macquarrie.]

[*English*]

Right Hon. L. B. Pearson (Prime Minister): This question, or one like it, was asked yesterday. I cannot add anything to what I said yesterday.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): My question is for the Prime Minister. Will the right hon. gentleman use his undisputed talents in the field of international reconciliation to assure us that the Secretary of State will soon be able to resume her proper place in the house.

Mr. Speaker: That question is out of place.

INDIAN AFFAIRS

REQUEST FOR CHANGES IN DESIGNATION OF NATIVE PEOPLE

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to ask the Secretary of State whether, in view of the desire of a great many native Indian people in Canada to be referred to and considered as Canadian citizens, she would have a conversation with her colleague the Minister of Indian Affairs and Northern Development to find out whether, in the amendments to the Indian Act which are being prepared, provision might be made for some designation enabling native people to be considered on the same footing as anyone else.

Mr. Speaker: Order, please.

GRAIN

SASKATCHEWAN—INQUIRY AS TO QUOTAS AND BOX CARS

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): My question is directed to the Minister of Trade and Commerce as the minister responsible for the Canadian Wheat Board. Can he inform the house when we may expect a general quota in the province of Saskatchewan, and when box cars will be available to handle the grain? I should like to mention one point specifically, Mr. Speaker. Radville in Saskatchewan is one place where the situation is serious.

Hon. Robert Winters (Minister of Trade and Commerce): I have a reply I can give in connection with Radville, but perhaps it would be better if we were to wait a few moments until we go into committee and I can deal more fully with these matters.

INDUSTRY

AUTOMOBILES—REQUEST FOR STATEMENT ON PRICE INCREASES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of Industry. Recalling the hon. gentleman's repeated assurances in the house that the Canada-United States automobile pact would result in lower prices for automobiles in Canada, could the minister indicate what steps he has taken with regard to the current price increases?

Hon. C. M. Drury (Minister of Industry): The hon. gentleman is apparently not aware that the recent price increases in the United States with application to 1968 model cars were considerably higher than was the case here.

Mr. Nicholas Mandziuk (Marquette): Is the minister not aware that Ford have increased the prices of their cars in Canada by $90?

Mr. Drury: Is the hon. gentleman not aware that in the United States the increase is $131?

Mr. Speaker: Order, please.

CANADIAN FILM DEVELOPMENT CORPORATION

INQUIRY AS TO ESTABLISHMENT AND OPERATION

On the orders of the day:

Mr. David MacDonald (Prince): My question is for the Secretary of State. I wonder whether along with her concern for parks she has shown a similar concern for the establishment of a Canadian film corporation, the subject of a bill which she was anxious to have passed earlier this year. Can the hon. lady tell us when the corporation will be set up and when it will begin to function?

Hon. Judy V. LaMarsh (Secretary of State): We have been awaiting appointments to the C.B.C. I have been discussing this with various individuals and if the one matter has not been resolved soon, the other will be.

HOUSING

EFFECT ON MORTGAGE RATES OF BANK INTEREST INCREASE

On the orders of the day:

Hon. George Hees (Northumberland): I should like to direct a question to the Minister of Labour. Has the minister been advised by those concerned whether the increase of one half of one per cent in the interest rate charged by the Bank of Canada, as announced last night, will have any effect on mortgage rates of interest?

Hon. J. R. Nicholson (Minister of Labour): I will make inquiries, Mr. Speaker.

[*Translation*]

LABOUR CONDITIONS

POSSIBLE UNEMPLOYMENT RESULTING FROM TARIFF REDUCTIONS

On the orders of the day:

Mr. Roger Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, my question is for the hon. Minister of Manpower and Immigration.

Since the Minister of Industry and Defence Production (Mr. Drury) indicated a while ago that he had been discussing the consequences of the lowering of tariffs, could the Minister of Manpower and Immigration tell us in which industries and regions such unemployment is expected?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, the program under study and the ideas that we are discussing concern all those industries which might have to tackle the problems mentioned by the hon. member but we have not referred to any particular industry.

[*English*]

• (3:40 p.m.)

SUPPLY

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

The Assistant Deputy Chairman: Order; house again in committee of supply, estimates of the Department of Trade and Commerce for the fiscal year ending March 31, 1968. Vote 1 will be found at page 492 of the bluebook. The details thereof are listed at page 493.

DEPARTMENT OF TRADE AND COMMERCE

1. Departmental administration including fees for membership in the international organizations listed in the details of the estimates, $8,429,500.

The Assistant Deputy Chairman: Shall this item carry?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Chairman, I am pleased I have this opportunity of returning so soon after the session reconvened to the estimates of the Department of Trade and Commerce. I

think hon. members will recall that we stood item No. 1 and passed all the other items. It was stood at the particular request of the then leader of the opposition so that he might have a chance to consider and discuss the Kennedy round of negotiations, but the finger of fate in the form of political vagaries has intervened in the meantime and I am sorry he is not here now to pursue the matter. Because the item was stood to discuss the Kennedy round of negotiations perhaps at the outset I should make a few remarks on the Kennedy round.

As I indicated on June 30 these Kennedy round agreements constitute the most important trade pact in history, representing a major advance in the liberalization of world trade. The concessions secured in our major foreign markets will be of benefit to every sector of the economy and every region of Canada.

The agreements provide for wide ranging tariff reductions or elimination of tariffs on virtually all the products of which Canada is already a significant exporter. Of particular importance is the reduction of tariff levels on industrial and manufactured goods generally to levels of 10 per cent or less in Canada's major export markets. This is where the new opportunities are opened up. These tariff concessions will, for the most part, be phased over a period of four years, beginning January 1 of next year. The scheduling of Canadian tariff reductions will be announced in the near future by my colleague, the Minister of Finance.

In addition to the tariff concessions obtained, the Kennedy round resulted in the conclusion of a new international grains arrangement providing for significant increases in the price range for wheat and also in the establishment of a new multilateral food aid program. I shall go into this matter in more detail in a few moments.

The third important agreement negotiated in the Kennedy round, which will also be helpful to our exports, relates to a new anti-dumping convention. My colleague, the Minister of Finance, announced last week the setting up of a special committee to receive the views and recommendations of Canadian industries with respect to Canadian implementation of this anti-dumping convention.

The Kennedy round will open major new perspectives for the expansion of Canadian exports to our major markets both in the United States and overseas. The concessions obtained will, in particular, make it possible

[Mr. Winters.]

for Canadian industry to develop export markets in the new fields of manufactured industrial products, the most rapidly growing sector of world trade. The realization of these new trading opportunities will make a significant contribution to a more viable balance of payments, and to increased employment for our rapidly growing labour force. As I have repeatedly emphasized, it is primarily up to private enterprise to ensure that these market opportunities are fully exploited. Such export expansion will, through economies of scale, help to lower costs and increase productivity.

The positive response of the Canadian business community has been gratifying. In order to ensure that Canadian exporters are made fully aware of the new export possibilities we have embarked upon a series of seminars with the business community in every region of Canada, in co-operation with the provincial governments. Good meetings have already been held in Winnipeg and Halifax. A further Kennedy round seminar will be held in Montreal tomorrow, and in the following two weeks seminars will be held in Toronto and Vancouver. We expect that, in total, more than 2,500 firms across the country will participate.

Our trade development program in response to the new opportunities opened up by the Kennedy round will be a continuing process A further series of meeetings is planned with the export committees being established by Canadian trade and industry associations. We are gearing the services of the repartment in all its aspects to the new dynamic international environment for world trade. I have already announced the extension, for the first time, of export credits and insurance facilities for Canadian exports to the United States market.

The Kennedy round is not, of course, the end of the road. We are already engaged in the consideration of what further international trade initiatives might be taken to carry forward this process of opening up channels of international trade. In this connection, it is expected that there will be a meeting of trade ministers in Geneva this fall, under the auspices of the General Agreement on Tariffs and Trade, in which we will be looking to the possibilities for the future. I am planning to attend this proposed ministerial conference. I have already had an opportunity to exchange views as to future prospects for the liberalization of world trade with Ambassador Roth, the president's special trade representative, in the United States, and with Commissioner Jean Rey, the newly elected

president of the European Economic Commission.

I am also planning to hold further discussions with British ministers on these matters, as well as on the important question of possible British accession to the European Economic Community. We are maintaining the closest consultation with the British government in order to ensure that Canadian trade interests are taken fully into account.

Now, I should like to turn to the subject of wheat which has been receiving a great deal of my attention in recent days, and will continue to do so.

First, let me again clarify the position of the new international agreement scheduled to come into effect on July 1, 1968. You will recall that while the administrative provisions of the old International Wheat Agreement were continued, the price provisions lapsed on July 31 last, as I informed the house. In this connection I refer hon. members to *Hansard* of April 7, page 14643, and of June 5, page 1134.

An extension of the lower price range of the 1962 agreement was not acceptable to Canada and other exporting countries who were negotiating in the Kennedy round for a higher price range for wheat. Indeed, acceptance of the former and lower price range at that time would have prejudiced the securing of the higher price range then under discussion in Geneva. The Canadian position was worked out with representatives of western farm groups, who were present in Geneva during the negotiations.

As I informed the house on earlier occasions, we were successful in negotiating a 21 cent increase in the price range as compared with the old International Wheat Agreement, and I again emphasize it was an increase in the range. This agreement was signed by 17 countries, including most of the major commercial exporters and importers.

On announcing the terms of the agreement, and on other occasions, I emphasized that the specific prices at which wheat would trade within that price range would be determined by market factors of supply and demand. For example, in reply to a question by the hon. member for Burnaby-Coquitlam, I said:

• (3:50 p.m.)

Mr. Speaker, as I am sure the hon. member knows, these are simply minima and maxima within which the world price can and does fluctuate. The world price still is determined largely by supply and demand, having regard, of course, to the maximum and minimum referred to here.

Subsequently, a negotiating conference was held in Rome during July and August for the purpose of expanding the Geneva accord into a full-fledged international agreement, incorporating the price and food aid commitments negotiated in Geneva as part of the Kennedy round. Fifty two countries attended the Rome conference, including all signatories of the Geneva agreement. The new grains agreement is scheduled to come into effect on July 1, 1968. This date was not Canada's preference, and we pressed hard in the negotiation in Geneva and Rome for an earlier date. However, constitutional procedures in other countries, and particularly decisions yet to be taken among the E.E.C. member states, made it impossible to obtain agreement for earlier implementation.

In the interim, until the new agreement comes into effect, it is essential that market stability and adequate prices be maintained.

I have been very concerned about the downward trend of wheat prices in recent months. I am particularly concerned that wheat has been trading in world markets slightly below the minimum prices established in the Kennedy round agreement, although they are substantially above the minimum of the old wheat agreement which was $1.74 for No. 1 Northern.

Canada did not initiate the downward trend in world wheat prices, but rather was forced to lower prices to meet competition from other exporters.

It was against this background that I met in Washington on September 12 with the United States secretary of agriculture, Hon. Orville Freeman, and the United States special representative for trade negotiations, Ambassador William Roth.

The house will recall that following these meetings greater confidence developed amongst overseas buyers. The tone of the market has improved and Canadian and United States export prices have increased two and three quarters cents per bushel.

At the present time, No. 1 Northern is priced three quarters of a cent below the new agreement minimum basis in store the lakehead. At least, it was at that price earlier today.

Mr. Woolliams: What is the price at the lakehead today?

Mr. Winters: Perhaps a cent above that as of this afternoon.

Mr. Woolliams: I did not hear the price you gave.

Mr. Winters: The price I gave was three quarters of a cent below the agreed minimum which is $1.95½. But not all grades of wheat are selling below the minimum agreed to at Geneva. No. 3 Northern is currently two cents above the new agreement minimum for that grade. At the Pacific coast, all grades of Canadian wheat are above the new agreement minimums. This I think is important to note.

Every effort is being made to sell maximum quantities of wheat at the best possible prices. In this context, it should be recognized that in the marketing of wheat, as for other products, the law of supply and demand is a vital factor, and I have consistently informed the house that the price, within the agreed range, would be determined by market factors. High prices are meaningless unless the product can be sold. The problem is to achieve the highest price at which wheat will move. This we are doing.

Crops in the northern hemisphere this year have turned out better than originally expected, and it is not surprising that this supply situation should have an effect on prices. In these circumstances, the new price range takes on particular importance and it is in the general interest that the range should be observed.

Competition from other exporters is very keen; the United States, Australia, and France are marketing wheat aggressively in world markets and we must meet this competition. The Canadian crop, fortunately, is considerably better than was anticipated in the light of dry conditions prevailing shortly before harvesting, and we are all pleased about that.

I am naturally disappointed in our wheat sales to Japan. I have been in communication with the responsible minister of Japan toward reversing the downward trend in our wheat sales to this important market. If necessary, I propose asking the minister of food and agriculture to receive me in Japan very shortly in order to help resolve this matter. There has been a number of communications on this important subject.

I am determined that everything possible should be done to ensure wheat prices will strengthen further and that wheat will trade within the range agreed to at Geneva, but not yet ratified.

When the agreement is ratified it will stand on its own feet. But, pending ratification and only until that date, the government is prepared to make up the difference between the agreed schedule of Geneva minimum prices, related to approximately $1.95½ basis No. 1 Northern in store the lakehead, and any wheat sold by the Canadian Wheat Board below this level during the period August 1, 1967 and July 1, 1968.

Some hon. Members: Hear, hear.

Mr. Winters: This is the date when the new agreement is scheduled to become effective.

In the light of prevailing prices and the current stronger tone in the market, it is not anticipated that this will involve any heavy demand on the treasury, but will, I hope, be an important factor in ensuring that we achieve sales at the optimum price.

Mr. Woolliams: Would the minister permit an interruption at this stage?

Mr. Winters: Certainly.

Mr. Woolliams: I believe that on behalf of the government this is the first time this announcement has been made in parliament or even outside parliament to the press.

Mr. Winters: On September 14 in Winnipeg I told the trade seminar that this matter was under very close consideration and that I thought the farmers of western Canada had a right to interpret the Geneva agreement as I have now interpreted it. Now, I am able to confirm this officially as a government decision.

In conclusion, I should like to turn to our general export performance. Canada's performance in the markets of the world continues strong. In 1967, to date, as in the preceding year, the rate of growth in Canada's exports has exceeded those of other major trading nations. This means also that Canada's share of the world market has continued to expand.

Canada's merchandise exports, in the first seven months of 1967 reached $6.6 billion, up $915 million or 16 per cent from the level of the same period last year. It seems clear that the centennial export target of $11¼ billion will be reached and surpassed.

Mr. More: How much have imports increased?

Mr. Winters: Imports have increased quite substantially, but fortunately our exports have increased faster than our imports with the result that as of the date I mentioned we had a much healthier balance of trade than we had last year.

Some hon. Members: Hear, hear.

Mr. Winters: This continuing strong advance in exports has been achieved despite a slowing down of growth in some major markets and in world trade as a whole. Especially noteworthy is the sharp rise in sales to the United States, notwithstanding the hesitant trend of industrial activity in that country in the first part of the year. Canada's exports to the United States in 1967 to date are up 19 per cent from the same period in 1966 and are half as high again as two years ago.

Among Canada's overseas markets, the sharpest gains are being made in Japan and in some Commonwealth countries. Hon. members will have seen the reports of recent important contracts by Canadian uranium producers for deliveries to Japanese users extending through 1978.

• (4:00 p.m.)

You will recall the contract signed earlier with the United Kingdom and another contract with Ontario hydro which gave us substantial evidence of the vigorous revival of world demand for uranium for peaceful uses. The need of importing countries to protect their future requirements for nuclear power reactor fuel have sharply accelerated the pace of exploration and mine development. Canada is in a specially favourable position to meet these new demands.

The forward momentum in our total export activity must be sustained. To give more specific direction and focus to our export initiatives, I hope shortly to set targets for the coming year.

As barriers to international trade come down, and as the nations of the world move closer together, Canada's future progress toward international strength and maturity depends more than ever upon a strong performance in world markets. Thank you, Mr. Chairman.

Mr. Woolliams: Mr. Chairman, it is always a pleasure to follow the Minister of Trade and Commerce in debate because I have always said, and will repeat now, that even though we sometimes disagree philosophically or about the facts he is probably one of the leading gentlemen who sit on the front benches on the government side. Perhaps I might say that we are also personal friends.

An hon. Member: Watch him, Bob.

Mr. Woolliams: My first comment this afternoon on behalf of western Canada is of congratulation to the minister for the announcement we heard a few minutes ago. I am sure the president of the wheat pool of Alberta, the president of the wheat pool of Saskatchewan and other farm organizations have been apprehensive. They would have been more content a few weeks ago had they known that the government was considering or was prepared to make payments out of the treasury to cover any per bushel loss on grain that was sold by the Canadian Wheat Board below the minimum suggested by the new international wheat agreement which will not come into effect for approximately one year.

Probably the *Family Herald,* which is a farm paper, put the situation in the most succinct way. Before reading from that paper, let me say that the fact the government is considering now paying bonuses to the Canadian farmer out of taxpayers' money does not altogether change the picture. Perhaps the minister will make some explanation in that regard when I have completed my remarks. Certainly, grain was sold by other countries below the minimum to be set under the new wheat agreement or below the minimum set under the old wheat agreement resulting in a decrease in our exports.

I should like to read from page 9 of the *Family Herald,* the last edition, under the heading "Reports" as follows:

> Western farm leaders have been quick to react to the downward slide of wheat prices which early this month fell four cents below the floor agreed upon in last spring's Kennedy round but which does not actually go into effect until July next year. Both Charles Gibbings, president of the Saskatchewan Wheat Pool, and Roy Atkinson, president of the National Farmers' Union, have registered the concern of prairie producers over this development. Mr. Gibbings declared that "Canadian producers are facing the most critical situation that has existed in more than 20 years."
>
> A 22 cent price drop for No. 1 Northern has brought the Lakehead price from $2.13 last spring to $1.91 in early September. The price drop has brought a direct confrontation between U.S. and Canadian wheat pricing policies. While neither trade minister Robert Winters nor Canadian Wheat Board chairman, W. C. McNamara would say specifically where the price cutting started, they did acknowledge that Canadian wheat exports to Japan had suffered most during the current sales decline and that U.S. exports had taken up the slack.

Let me pause there for a moment. In other words, while there has been this vacuum between the lapse of the old agreement and the implementation of the new agreement, we have lost markets for Canadian wheat.

Let me continue reading from this article:

> Mr. Gibbings was more forthright.
>
> "It will be noted," he said, "that the U.S. price dipped below floor levels on July 13, the day after 52 nations met in Rome to begin discussions about implementing the sixth wheat agreement. It seems

to me that all the nations participating have a moral obligation to observe the floor price to which they agreed. Technical difficulties in completing the final document should not serve as an excuse to break the floor."

Behind the increasing competition lies the fact that world production is up so wheat exports are slowing and stocks are rising. At the end of the crop year, July 31, Canadian exports totalled 482.4 million bushels compared to 545.3 million the year before. During August exports of 21 million bushels amounted to a third of the exports for the same period in 1966. Stocks too were up 67 million bushels.

Let me come quickly to my point. After we had asked for an adjournment of this house to discuss this very serious matter, after we asked the Prime Minister what would happen as a result of the 22 cent drop in the price of wheat, and following a great deal of pressure on this side of the house, the minister got up this afternoon and said to the farmers of western Canada and the country that the government intends to pay bonuses out of the treasury to western farmers because the United States has sold wheat below the price of the international wheat agreement. In other words, the taxpayers are going to have to pay for the reprisals of the United States against Canadian competitors.

While this was going on we were losing our markets, particularly in Japan. The minister may have remedied or patched up momentarily the difficulty, and may have satisfied western farmers. However, as the minister said in his opening remarks, the sale of wheat and the price of wheat, in spite of these agreements depends on the law of supply and demand. The demand existed and it was being met by Canada. During this interim period this demand was being met by the United States and we have lost important markets.

What was it that put the farmers and farm organizations in the position of believing that they were secure under the international wheat agreement? In the few minutes I have I should like to refer to what the minister said on May 15, 1967 as found at page 222 of *Hansard* for that date. Let me read one paragraph to point out what the minister said to get headlines across this country and which left the impression that wheat would sell for 21 or 22 cents a bushel more. On that occasion I replied to the minister that I hoped the farmers of western Canada would not believe that they were going to get the 21 or 22 cents a bushel more. This is what the minister said:

While it is not yet possible to make public detailed results because not all GATT countries have, as yet, had the opportunity of agreeing to them, I can say with respect to wheat that the basic elements of a new international wheat agreement have been agreed between major exporting and importing countries. We have achieved a significant and welcome increase in international minimum and maximum prices for specified qualities of wheat, and substantially strengthened arrangements for co-operation to maintain market stability. For No. 1 Manitoba northern, in store at the lakehead, new minimum and maximum prices will be $1.95½ and $2.35½ Canadian respectively.

To be fair to the minister, he corrected those figures the next day when he pointed out:

The maximum price for wheat at the lakehead and at Vancouver under the agreement announced yesterday should be $2.38½ and $2.46½ respectively instead of $2.35½ and $2.43½ as they appear in *Hansard* at pages 182, 183 and 222.

• (4:10 p.m.)

The spread of 40 cents between minimum and maximum is in U.S. funds. The above corrected figures provide for the conversion to Canadian currency at current rates.

The hon. member for Burnaby-Coquitlam on that occasion asked the minister this question:

Mr. Speaker, may I ask the minister whether this will change the 21 cents increase over the previous price increase mentioned by the minister, or will that still stand?

The minister's answer was as follows:

The 21 cents figure still stands.

I suggested to the minister on May 15, 1967, that he left the impression—he did not do it deliberately, by any means—with the farmers in the country and members of parliament that the price of wheat was going up 21 cents immediately. You can understand the reaction out west when they found that the price of wheat dropped 22 cents. They felt there was a 43 cents spread between what the minister had said in the house and what was happening economically in western Canada as far as wheat was concerned. That statement was made on May 15, 1967. The minister referred to what I read yesterday from page 1134 of *Hansard*. The hon. member for Humboldt-Melfort-Tisdale said:

Mr. Speaker, this a very important question and should be answered right now, for the simple reason that the farmers in the west have planted their wheat and are waiting to know where they stand in light of the new wheat agreement.

The minister replied:

Mr. Speaker, I think I can answer this very briefly. On June 1 our ambassador in Washington did sign on behalf of the government of Canada a protocol extending the administrative articles of the 1962 wheat agreement until July 31, 1968, with provision for earlier termination in the event of a new agreement covering wheat coming into force before that date. This action was recommended by member governments of the international wheat council at its 48th session last April.

In view of that statement we considered that the articles of the international wheat agreement of 1962 were renewed. If you look at articles 13 and 14 of that agreement you will see they set out and define "minimum". The minimum is the floor price. I will have something to say about that in a few moments. That is what the western farmers fought for for many years, so they would know when they produced their wheat they would receive at least the floor price for their commodity.

This is what happened in 1929. In 1929 the price of wheat was about $1.40 a bushel. I was a boy on the farm at that time. Within six months the price had fallen to a price of 20 or 30 cents a bushel. As a result there was bankruptcy and insolvency on the farms and it took seven or eight years to recover from that situation.

We heard from the minister on June 5 that the administrative articles of the wheat agreement had been renewed and he set out the maximum and minimum prices. At page 15 of the international wheat agreement of 1962 I find this:

> If any exporting or importing country is making wheat available for purchase by exporting or importing countries at not greater than the minimum price, or if such a situation appears likely to arise, the executive secretary shall, after bringing the mater to the attention of the advisory committee on price equivalents and communicating as that committee may advise with the country concerned, report the situation to the executive committee.

In other words, if any country is selling wheat at below the minimum price, it is reported to the council that governs the matter and sets the minimum and maximum prices. The maximum price protects the importer and the minimum price protects the producer. What is the situation now? The minister says that the agreement has not been finalized. I ask, are we in a new vacuum in this respect? I suggest that we are. Will the importing countries which have been buying wheat from the United States, particularly Japan, at a price below the minimum come forward now,—the 52 countries concerned—no matter what was discussed at Geneva, and sign an agreement which will mean they will pay more per bushel for their grain? There may be further difficulty in crystallizing and finalizing the international wheat agreement.

I and the farmers of western Canada believed when we heard those answers from the minister that the agreement was being continued and there was a minimum and maximum price in respect of wheat. If there was agreement, we believed there was an obligation on the part of the United States, Canada and other exporting and importing countries to live up to the minimum and maximum prices set under the new agreement when the 52 countries met. Perhaps this was not done because of some failure on the part of the minister. I hope the minister will explain this later.

In any event, the United States decided they would get our markets. The United States seized this opportunity when there was a vacuum in the agreement, when the agreement did not operate. They seized the opportunity to sell their grain to Japan and perhaps to other countries because their exports were dropping off. Their export markets were dropping off seriously in August and they decided to take over the Canadian markets. Exports from that country had dropped to the extent of not quite 100 million bushels.

The loss of markets is just as serious as a reduction in price, because without sales there cannot be any prosperity on the farm. I remind the minister that back in 1956 when he was a member of another government, when Mr. C. D. Howe, the then minister of trade and commerce went out west, there were 700 million bushels of wheat piled up on the farms, unsold, with no quotas; and without quotas there cannot be any prosperity on the farm.

Today we face a serious situation. Not only are exports dropping off, but for weeks the government has dillied and dallied in connection with the strike of the S.I.U. and no grain has moved out of Canada. Today most of the grain is still in bins on the farms of western Canada. It is no good paying a bonus in respect of the price of wheat if that commodity remains unsold. Therefore, this is not much of a promise; it is merely an attempt to cover up a problem.

The government felt they had to bail themselves out as far as the farmers of western Canada were concerned, so they said: We will bonus you for any loss in the price of grain. But if grain cannot be sold, what good is that bonus? Why has the government got into this situation? Let us see what has happened. As the Minister of Trade and Commerce knows, the wheat board used to be under the jurisdiction of the Minister of Finance. In April 1963, when the Liberals came into office, the Minister of Finance went to Edmonton and Regina and said that the former minister of agriculture, the hon. member for Qu'Appelle, had been wrong in telling the farmers to produce wheat. The minister said

they would have a surplus of wheat. Within 30 days there was such a demand for wheat that the Minister of Finance was telling the farmers that we had not enough wheat to meet the demand. What kind of nonsense is that?

People opposite scoffed at the former minister of agriculture. They said: You did not sell the wheat. They were so busy trying to sell this idea to western Canada that they forgot their responsibility as the government to sell wheat. The position of the hon. member for Qu'Appelle at that time was that we needed an aggressive sales policy. I am sure this minister wants an aggressive sales policy for wheat. But there is a difference between the two ministers. The minister of agriculture when we were in office said that if there was any problem we would take responsibility for that problem. The Minister of Finance said no, it is always the problem of the wheat board; there are no sales without the wheat board. That kind of attitude may have created the vacuum in which the government finds itself this afternoon.

I think it will pay if for a few moments I remind the house, before putting some questions to the minister, of some of the history of wheat. From the homesteading period until 1924 the sellers of grain in western Canada were disorganized. In the fall the price of wheat went down, and when the farmers had sold all their grain the price went up. Wheat was dealt with on the grain exchange. In 1924 our fathers and grandfathers met and formed the first wheat pool. From the first wheat pool there grew, through R. B. Bennett, the Canadian Wheat Board which for the first time in Canadian history stabilized the price of wheat in much the same manner as did the farm stabilization measure with respect to other products. That measure was introduced when the hon. member for Calgary North was minister of agriculture in the Conservative government.

The wheat board then became the marketing agency for all grain. This happened during the war, and I give the Liberals credit for it. The wheat board is the farmers' marketing agency; it organizes the sellers of wheat and is able to obtain a fair return, a pool price, for wheat. The farmers and producers of western Canada feel they have been put back in a vacuum in respect of wheat. In fact, they are in a vacuum. The only thing that the minister has done as the result of probings from the opposition has been to tell the farmers that to compensate them for the lower price he will give them a bonus. He has not explained certain things which have occurred, and I think we deserve an explanation.

• (4:20 p.m.)

Here are the questions that I should like answered, Mr. Chairman.

1. Has the United States or any other country broken the terms and conditions of the international wheat agreement? Is that agreement operating on a legal or moral basis?

I see that the minister is getting some guidance from the new Liberal member for Medicine Hat, who never really wanted to sell wheat to the Communist countries anyhow.

2. With the lapse of the international wheat agreement after the meeting of the nations at Geneva, was there a moral undertaking by all exporting and importing countries of grain who were a party to the agreement to live up to the terms until a new agreement became effective?

Why is that question important, Mr. Chairman? It is important for this reason. If the United States continues to sell its grain below the minimum price stated in the international wheat agreement, which is not now in operation, then we are going to lose our markets. What country is going to pay more for wheat from Canada if it can get it cheaper from the United States? Is this a reprisal by the United States against Canada because the former Conservative government dared sell wheat to Russia and Communist China? Has the minister put that question to the United States? We want to know what has been the nature of the talks.

3. Did the minister know on May 15, 1967 when he announced the prices in the House of Commons and the increase of 22½ cents for No. 1 Northern that there was no minimum or maximum price that could be legally enforced, and that basically the farmers of western Canada were operating in a vacuum for the first time in many years?

If the farmers were operating in a vacuum, and if wheat was operating in a vacuum as far as its being a market commodity, why did the minister say that we have a new minimum and a new maximum even in spite of that vacuum? We are almost back on the old grain exchange system where the United States can make moral arrangements with Canada and then go out and dump its wheat on to our markets.

That is the kind of stand that I should have liked to see the minister take on that night in

May. Perhaps his trade officials have led him down the garden path so far as the United States is concerned, and that country is taking over our markets. I should like to know what is going on behind the closed doors.

4. Has the United States subsidized its exports of grain so as to be able to supply Canada's best customers with wheat below the minimum price? How much has the United States dumped on the market?

I did not know what the minister was going to announce today but I should like to ask him another question. On the strength of Canada subsidizing its wheat for the first time, will the United States make other reprisals? Did the minister say to the minister of agriculture or minister of trade in the United States, or to any of his officials: We are going back to western Canada to bolster up our political chances by giving the farmers a bonus?

One of our great problems in the export market has always been the competition of the United States. That is why over the years governments have always considered the matter very carefully before subsidizing grain in this manner. It was always felt that if we were to subsidize grain in this manner the United States, with its power and economic might, would be able to dump its grain onto our markets.

I referred to 1929 and 1930 when young men and women were taken out of school and put off the farms with nothing but their possessions. We have just had the biggest drought in western Canada in 30 years, and the only reason we have had any kind of crop is the reserve moisture of former years. In Great Britain today there is a recession and there are economic difficulties in other countries. High interest rates prevail. The same circumstances existed prior to 1929 when the crash came on the farms. This crash will come again, in spite of the assurances of the minister, if we lose our markets.

What good is a bonus, Mr. Chairman, if we do not sell our wheat? How long will the taxpayers of Canada keep the government in office if no wheat is moving to Canadian markets? That is the question.

5. Is there no agreement operating at the present time to protect the western producers and to guarantee them any floor price, or do we merely accept the word of the United States that that country will maintain a moral obligation to Canada?

If there is such a moral obligation, what was the question asked by the minister when he met Mr. Freeman on September 12? Did the minister ask Mr. Freeman why the United States was selling its wheat when it gave us its word that it would not sell it below the minimum price? Was this action taken so as to get our markets? I should like to know what was the answer. Was the government pussy-footing with the United States? Or did the minister stand up like the former leader of the opposition when he was prime minister and was told that the United States would not assist Canada to load grain destined for China and Russia? The right hon. gentleman told the President at that time that Canadian wheat would be loaded on the ships and would be exported, that this country was a sovereign state. I suggest that this is the kind of action that this government should be taking. Are we now an economic satellite of the United States in respect of wheat and other commodities?

I am not expert in industrial affairs, Mr. Chairman, but I suggest that members of parliament from areas of industry should take note of what happens to those industries when tariffs go by the board.

6. Is the position that the United States has taken since the Geneva conference against Canada's export of grain a reprisal against Canada for the exports to China and Russia? Has the minister discussed this?

7. What assurance has the minister received from Mr. Freeman in Washington to restore the buyers' confidence in the market and recover one cent or more?

Can the minister say whether since his chat the price has gone back $1\frac{3}{4}$ cents or $2\frac{3}{4}$ cents? The fact is that the price has gone down 22 cents. Is it bouncing back? Time will tell, but it is taking a long time.

8. Can the minister now guarantee to parliament that no further sales by the United States or any other country will be made below the minimum price?

Did the officials in the United States say to the minister that they were sorry they ruined our market in Japan and may ruin it in Great Britain, but that from now on they were going to be good boys because they had a moral arrangement with us? Did they take advantage of this vacuum to unload their surpluses? That is the question that the farmers in the farm organizations across the country are asking, and they are not going to be satisfied with the minister's announcement today that he is giving a bonus when our market prospects are deteriorating day by day and nothing is being done. If the minister had

been given a guarantee in this regard I think he would have mentioned it when he reported to the house a few moments ago.

9. Were any sales made by Canada below the minimum price? We did not hear about that. Is this the reason we lost the Japanese market to the United States? I understand from newspaper reports that we lost two thirds of that market, and if that report is correct it is a big blow. Has Canada told the United States that we are going to embark upon a wheat war? I am not recommending such a step by any means, but I think there should have been some strong talk by Canada on this question.

I appreciate the patience of the minister and the members of the committee on this question, and in conclusion I congratulate the minister for saying that he will bonus the wheat producers for their loss because of the bungling of his government. However, I do not congratulate him on the vacuum which is costing us markets day by day unless he has received some assurance in this regard from the United States, and unless he can produce some answers to the nine questions I have posed which he has heard this afternoon and will appear in *Hansard*.

Mr. Schreyer: Mr. Chairman, the Minister of Trade and Commerce always radiates self-assurance and confidence when making announcements to this house or when offering an interpretation of some recent developments in trade talks. But I think that most members of the committee, certainly on this side of the house, have come to learn by experience that sometimes it is a little dangerous to accept the minister's interpretation of what is going on at its face value. It seems that the minister is a victim of his own feeling of overconfidence with respect to many recent developments.

• (4:30 p.m.)

The hon. member for Burnaby-Coquitlam, the hon. member for Bow River and others referred to occasions in this house—they are May 16, May 25 and June 15, to be exact—when the minister, in statements or answers to questions, clearly said that the price of wheat then prevailing in world markets would continue to prevail for the next 12 month period or so, or until the inception of the new agreement. He said that price levels would remain, to the best of his information and judgment, at what they then were, around $2.12 or $2.13. On page 577 of *Hansard* for May 25 the minister said:

> —it is understood in trade terms that this means the new price range which I have reported to the house will be observed in the months ahead until the new agreement becomes fully effective.

Being human, the minister, as everybody else—despite his self confidence—is liable to err. Throughout the summer he had ample opportunity to take remedial action. For some strange, inexplicable reason, he failed to do so until about the middle of September. It was then, we are given to understand, that he went to Washington to talk with the Secretary of Agriculture in an effort, presumably, to persuade that government to change its wheat export sale and pricing policy. Though the minister's effort resulted in relative failure, he ought to be given credit for making the effort. Nevertheless, the effort could have been made sooner.

Throughout July, August and until the first part of this month, the price of Canadian wheat declined in a drastic manner, that is the proper term. The decline was so drastic in fact that a leading spokesman of the wheat producing industry of this country referred to it as being of epic proportions, and certainly worse in cost-price terms than any decline we have experienced in the past two decades.

The minister, by way of announcements and questions answered in the house, gave us to understand that the old wheat agreement would be carried on until the inception of the new agreement next July. Yet, events have shown that the minister's statements were not correct. Yesterday, when questioned by hon. members on this side, the minister sought to qualify his answers. He said that he had been referring only to the instruments of administration with respect to the old wheat agreement being extended, and that he had not meant to say that the agreement itself was being extended. Certainly, the spirit of the agreement has not been extended.

As we now know, after the last agreement ended—even before that—our neighbours to the south pursued a trade policy with respect to wheat that was a violation of the spirit of the old agreement. Certainly, it violated the spirit of any new agreement.

The ink was hardly dry on the agreement protocols that were drawn in Geneva and Rome last April, July or August when the United States pricing policy for wheat became such that wheat prices fell toward the floor agreed on in the new agreement.

Lest I digress too far I wish to say, with respect to the minister's announcement of this afternoon, that the government's new policy will be to make good the difference between the floor price of the new agreement that is to take effect next year and any prices received that are lower than that. That policy is important psychologically. It is difficult to calculate extemporaneously at this time what the announcement will mean in dollars and cents. Nevertheless, I agree with the hon. member for Bow River. While the bonus, as he called it, is one thing, the timing of it is another. The sense of timing possessed by this government is poor, and it was poor in this instance. I agree with the hon. member's statement.

If the new policy had been arrived at a few weeks ago or even a month ago, the Canadian Wheat Board might have been able to pursue a more aggressive policy in protecting our established markets in Japan and elsewhere, those markets where we have been slipping in competition with the United States with respect to wheat sales. Once a market is lost it is not readily regained. If it is ever regained, it may take a few years to do so. If the policy of paying the differential between the new floor price and the lower prices is acceptable and laudable now, it would have been all the more welcome, all the more sensible and all the more defensible a few weeks earlier. Though I have no proof, I hazard to say that the government's decision was an eleventh hour decision. The decision is good, but how much better would it have been had it come earlier. I am prepared to insist that the government's announcement came as the result of a hasty last minute reflection. I say that because the collective thinking of the cabinet was not much disposed to the idea of some form of price support. Only ten days ago the minister said in a press conference that the government had no intention of considering a price support on subsidy program for wheat. Ten days later it is announced, but only after some markets are lost.

On his return from Washington the minister, as reported in the press, said something which left me surprised and appalled. He admitted that wheat price levels were softening, that they were soft. In the face of a 22 cent decline, which is a decline of approximately 10 per cent, to say that there is a softness in wheat prices shows a degree of nonchalance which I hope that this minister and his colleagues will not exhibit again.

• (4:40 p.m.)

The minister said also that the government was not considering any form of subsidy or price supports. This would be approximately ten days ago. It may well be that the government was in fact considering such a proposal at the time but for some reason or another having to do with strategy, possibly, it was decided not to disclose the nature of those deliberations in connection with a price support policy.

Now, we have an announcement, and it will help. There is little point in indulging in harsh recriminations, or attempting to discover why the minister was not apparently aware of the adverse trend in prices which was developing in July and August. Certainly, from May until now there has been great confusion in the minds of many people, not only among producers but among those who sit in legislatures and in parliament as to the likely effect of the trade talks on wheat prices. As for the minister's explanations and interpretations, all they did was to leave in their wake a sea of confusion, confusion compounded because his statements were contradicted by actual events or became so soon after.

Now we find, in a sense, remedial action taken. I refer to today's announcement about the readiness of this government to provide moneys by way of price support to cover this differential. There was no need for the government to have waited so long. All the indications during the past few months, indeed, throughout last year and 1967 to date, showed that there was an inflationary trend developing in this country. This is far from being abated; in fact, it is gaining momentum. The index of the cost of farm production surged last year, and this year the rate was even higher. The more general cost of living index increased to a point at which it brought forth a general cry of protest. This year the indicators show that the rate of increase in the cost of living is even higher than it was last year. Thus, a 22 cent decline in the price of wheat has taken place this summer—call it a 10 per cent decline by way of understatement—at the very time when the cost of production is surging upward unabated.

It is ironical that last May when the minister was referring to the new minimum and maximum levels which had tentatively been agreed at the trade talks—an increase amounting to 21 cents—the hon. member for Medicine Hat and others pointed out, quite

rightly, that while such an increase was better than nothing it was less than satisfactory in the light of the continuing increase in the farmers' cost of production. If this 21 cent increase was not satisfactory then, what words can now be used to describe the situation which developed this summer when instead of going up 10 per cent the price of wheat went down 10 per cent. All one can say is that a development of this kind is simply unacceptable to Canadian farmers and to western farmers in particular. It is unacceptable almost in a physical sense because if a situation of this kind were to continue in the face of rising costs of production it would mean an even more rapid consolidation of farm units and an even more rapid exodus of the farm population to the larger towns and cities. This would be bound to result in serious social and economic disruption.

I cannot understand why the logical policy which the government has announced today could not have been decided upon and announced earlier for reasons which were well put forward by the hon. member for Bow River and for reasons which I myself have already stated. There is a further reason why the government might well have arrived at its decision some time in July or August or as soon as it became obvious that the price trend was gaining momentum back in May and June. The precedent they have for taking the course of action now announced arises from the statement made by the Prime Minister in the election campaigns of 1963 and 1965. It is on record in the newspapers. The Toronto *Globe and Mail* featured a story on this very point—"Pearson Promises Prairie Farmers $2 a Bushel for Wheat". The Saskatchewan *Star-Phoenix* had a similar headline, as did other papers. My old friend Hazen Argue came to my home town to make the same kind of promise. This summer that promise which had no practical meaning in all of 1966 and until July of 1967 could have been implemented in a meaningful way, yet the government chose to wait until the end of September before making an announcement. In the interval, as the hon. member for Bow River has said, markets have been lost, markets which it will be difficult to recapture.

I should mention one further aspect of this promise before going on to deal with other matters. These promises made by the Prime Minister and his colleagues in those election campaigns were not made spontaneously or "off the cuff". Let me quote from a news story carried in the *Globe and Mail*.

Mr. Pearson, in notes of an address prepared in advance, promised western grain growers that a Liberal government would immediately provide a floor price of $2 a bushel for No. 1 northern.

• (4:50 p.m.)

It was not an ejaculation prompted by some kind of emotional circumstance, such as that which may have prompted President de Gaulle to utter the kind of statements that he did when visiting this country. This was a contrived promise by the Prime Minister, reiterated by his colleagues. It was something calculated, but apparently it was never intended that it should materialize. These are rather harsh words to use, but it appears the promise was calculated and it deceived. The result was deceptive, but now at least a half step is being taken in the direction of fulfilling the promise that was made three, four or five years ago.

In the interval, costs of production have increased tremendously. If the Prime Minister was warranted in thinking in terms of a $2 bushel floor in 1962 or 1963, what should the floor be now if it is to have corresponding value or meaning? All we have is the minister's statement to the effect, as I understand it, that there will be a floor price of $1.95½ per bushel, and when the price falls below the new agreement floor the difference will be made up out of the public treasury.

The lowering of wheat prices has not meant anything directly to wheat producers in the United States. As I understand it, they are sheltered from the buffeting that takes place in international trade. Price stabilization and price support are adhered to by the United States government of the day as a matter of public policy. As a result, farmers know where they stand and are able to plan ahead.

But in Canada, even at present, it would seem that when a storm brews in international trade and pricing, our farmers are expected to weather the worst of the storm and stand all the buffeting on their own. This kind of treatment should not be tolerated in the future. I hope that between now and the inception of the new international wheat agreement in mid-summer of 1968 it will not be necessary to implement this eleventh hour policy just announced by the government. I hope the development of events will see prices return to the levels that prevailed up until the summer of this year.

If the prospects of a return to the former levels and above the new I.W.A. floor are not good, it is likely that some countries which, until now, have been prepared to ratify the new agreement will choose to stall and not ratify it. As I understand it, the period of ratification falls between October 15 and the end of November, only a few weeks from now.

The course of events during the past few months have caused a critical situation, one which has been outlined by Mr. Gibbings and others who have described what took place during June, July and Augsut when the federal government sat back and did nothing with respect to this crucial matter.

Mr. Kindt: Mr. Chairman, may I ask a question of the minister before the next speaker commences. In view of the fact that taxpayers' money is contributed by all the people in the nation, the small farmers as well as the large farmers, is the minister aware that under his method of payment most of the money will go to the big operators and the small fellows will get nothing? The fellow with 50,000 bushels of wheat will get the lion's share. That is what this system of payment means. I would like to hear what the minister has to say about that. I am also waiting anxiously to hear what the small farmers throughout western Canada will have to say.

Mr. Winters: Any deficiency there might be, and I trust there will not be very much —I hope there will not be any substantial charge against the taxpayers because we all hope and expect the price will return to a more normal trading range—will be paid to the wheat board which in turn will make the payments in respect of deliveries.

Mr. Kindt: But there is no difference between paying it to the wheat board and paying it directly to the farmers. There is just one step in between.

Mr. Johnston: Mr. Chairman, I enter this debate on wheat and wheat prices with some hesitancy. Ordinarily, someone else in this party more versed in that branch of agriculture would have spoken, but I wish to make a few comments on the subject.

It is always a pleasure when the government comes round to adopting what Social Credit has advocated over the years. A few years ago we campaigned on two-price agriculture. Now, we see that the wisdom of what we said has come home to the government, perhaps a little late but better late than never. The previous speaker wondered why the government had delayed so long. I think it has moved rather rapidly. It has had the benefit of only two days of advice from the hon. member for Medicine Hat, and I think it has acted with great promptness on that advice. While we may regret his loss, I am sure the farmers of western Canada will appreciate the step that has now been taken.

The move announced by the minister this afternoon should bring home to some people the fact that today agriculture operates in a world market, an increasingly sophisticated market. Of course the usual moans and cries will go up that rugged individualism on the frontier is being allowed to die a little more, but at the same time there should be realization that we are in competition with other nations which, years ago, adopted policies of subsidizing agriculture in a whole variety of ways that have not been used in Canada.

We are subject to a variety of manipulations. I know this has been a good summer in Europe, and I expect in most of the Soviet union as well, but I very much doubt whether this is the main factor which has brought about the declining price of wheat. Because of the world food shortage food prices should not be declining in any part of the world. I am sure the manipulation that has been taking place has been at the governmental and policy level, and the result is not all due to the supply and demand factor.

In a way I am surprised that the Minister of Trade and Commerce and the government have been slow to act in this manner because during the last few years they were quick to act when external competition threatened the industries of the central provinces. They have been the architects of a variety of solutions to reduce competition between the United States and Canada.

• (5:00 p.m.)

I could speak of the automotive pact which constantly has been held up as something which would be of advantage to us. We know the tremendous excitement there was on that side of the house when it was felt a few months ago that the Mercantile Bank might be in a position to compete too strongly with Canadian banks. We know of the efforts that have been made on that side of the house to prevent the establishment of the Bank of British Columbia and we can imagine the glee that was felt at the demise of the Bank of Western Canada. All these are things which would lead to the economic development of the west. It is unfortunate that this

one branch of agriculture, which is so important to the west, should have been brought to this stage of crisis before any action takes place. This government has adopted a rather cavalier attitude to world agreements in respect of primary food commodities. In so far as a sugar agreement is concerned, nothing is heard about that at all. As a matter of fact this is one aspect of Canadian agriculture, but compared to the whole Canadian agricultural industry it is a small aspect. The government never has seen fit to do anything about really bringing about a sound sugar agreement. This is another matter which I trust the hon. member for Medicine Hat will take up when he has a little more time after the wheat problem has been settled.

When the problem of international wheat agreements is so important to the country as a whole and so vital to the west, it seems strange to me that the situation which has developed could have developed with so little sound and fury from the government spokesmen through the last few months and that we had to wait until the opening of parliament before anything could be done about it. Even when it is done, it is a shoring up operation which does not look to the future.

I trust that those who are responsible will make every effort to reduce the kind of unfair competition which comes from outside and not inside Canada. I think the spokesmen for industry and trade on that side of the house have looked too long at what they felt possibly was competition within Canada and have been neglecting the sort of competition which can arise in the international market. This type of competition can have serious repercussions for a variety of industries, but especially for the agricultural industry.

Mr. Langlois (Mégantic): Mr. Chairman, I do not intend to take up too much of the time of the house on this matter, although it is a matter of importance. I presume the Minister of Trade and Commerce, possibly better than anybody else in the house—at least I hope so—realizes the importance of this problem. I presume he will give us a lot of information concerning the situation in which the farmers suddenly find themselves now because of this latest crisis in respect of wheat and grain prices.

Some people might say to me, "What are you worried about in this regard when you are a member from a province that has not much to do with the export of wheat". They might say to me, "What do you know about the price of eggs in China". I do not know much about the price of eggs in China, but I know more about the omelet than I know about the hen that laid the egg.

This is a situation which is somewhat surprising because in the past the government has shown much interest in guaranteeing prices to the farmers. This attitude has resulted in a certain amount of stability. The situation at the present time is somewhat surprising to the producers as well as to members of the house. However, the fact that in the major wheat growing areas of Canada this year there is a very low yield compared to some of the past years, particularly last year, is causing anxiety to some of the farmers.

I recall when the news release came out announcing that the farmers were to get 20 cents more at the elevator. This pleased some of the farmers who did not know exactly what this whole thing was all about. It did not give the farmer much more over-all. It gave him more at the elevator but not in the back payments. If he gets 20 cents in the fall, he does not get it in the spring.

One matter which concerns and angers the farmers at the present time is that they are not working necessarily for their own benefit. I would dare put it this way; they are all in the service of the farm machinery producers and manufacturers. When the farmers have to face the problem they are facing now of wheat contracts being sabotaged, and when they are in the position of not knowing what they are going to do with the little bit of wheat which they do have to sell, I think the government has a duty and a responsibility to look into the problem, make recommendations and adopt stern measures if necessary. Steps must be taken to stop this trend in the rise of the cost of farm machinery. Unless this is done, we will be faced with a major problem in the farm industry before too long. When one considers the prices of farm machinery 10 or 15 years ago, it would seem there is absolutely no reason for such a spiralling in the cost of farm machinery.

I think there are little tricks employed by the farm machinery producers which the farmers themselves cannot correct. You might say that they do not have to buy these machines. When harvest time arrives a farmer who has machinery which is three, four or five years old which needs repairs just cannot wait indefinitely to have the repair work done. One might say that he could have had it done in the spring. He might have, but he did not have the money in the spring. When the crop ripens in the fall he has to fix that

machinery. Sometimes it breaks down in the process of harvesting and the farmer is told that the necessary part is not in stock so he will have to wait. Sometimes he is told that the part is in Toronto or somewhere else, and that they will look for it. This has been a problem in some regions. Some of the dealers I have discussed this with have said that they do not consider it is necessary to keep in stock all farm machinery parts.

• (5:10 p.m.)

The farmer is obviously worried about getting his crop off and he cannot wait several weeks for parts to put his machinery into operation. In this way, indirect pressure is being put on him by the producers of farm equipment to go out and purchase new machinery. This is an underhanded way of selling farm implements to these farmers. It is much like a slap in the face with a hand in a glove, but it still hurts. The farmers cannot avoid this situation, yet they cannot afford to pay the present price of machinery.

Let us just for a moment look at the price of farm machinery as compared with ten, 20 or 30 years ago. I suggest the increase amounts to about 500 per cent. Coupled with this fact is the extremely high rate of depreciation. Many of these farm implements, such as a combine, are only used for about three weeks per year in the fall. After they are used, they are put away and not used again for another year. A farmer may be able to depreciate his farm implements to the extent of $5,000 in one year. One can appreciate how large a crop yield a farmer must have to withstand that type of situation.

Let me give you another example of the pressure put on farmers by the implement companies. At one time you could purchase a Massey-Harris combine at a cost of $1,500. This combine did not have a cab. When this implement wore out or had to be replaced the new one included a cab at a cost of an additional $800 to $900. The implement companies suggested this additional cost was necessary so the farmer could work in the shade.

Surely the farmers of this country are entitled to know what is going on behind the scenes in this farm implement industry, and the government has a responsibility in this regard. Let the government follow the slogan used on television not so very long ago in respect of winter work programs: "Why wait, do it now". Something should be done about this swindle as soon as possible.

Has the minister calculated the amount of debt a young farmer must incur to purchase land and equipment at today's prices, or how many years he must farm at the price of today's production to pay off that indebtedness? I suggest the figures in this regard would be staggering, particularly compared to similar figures of 20 years ago. It is my suggestion that today these farmers are working to a great extent for the producers of farm equipment. They will continue to work for them until such time as they go out of business.

There is a large scale production of wheat in the western part of this country, yet the farmers in that area all have a worried look because of the present situation. Production costs are increasing, yet selling prices in many cases are decreasing. It is my understanding that this year's crops in western Canada are not as good as last year. I am informed that the average yield will be 14 bushels per acre. How many crops would a farmer have to grow with a yield of 14 bushels per acre before he could pay off his indebtedness, or before he closed his doors and quit farming?

A great many farms in Canada today are being purchased on credit, and many farmers have loans to improve their farms. All these farmers are worried about how they are going to remain in farming if the present situation continues to exist. It is easy to say that they now have modern equipment, modern farms and can produce a great deal more with less effort. This does not, however, make up for the tremendous difference in production costs. It is true that with the modern combine, which is self-propelled by 16 cylinders, a farmer can harvest many more bushels per day than with the old type combine. However, cost of this machine is about five times what it was 15 or 20 years ago. The cost of machinery has gone up about 500 per cent but the price of wheat, milk, hogs and eggs has not increased to the same extent. I suggest that farmers' income has been pretty well stable, although in some cases it has gone down. Surely, this government has the responsibility to do something about this situation. It must continue to find markets to guarantee the sale of the farmers' produce. The farmer relies on the Canadian government to do this, yet at the present time I feel they have been let down. This may be a more complicated matter than it appears to be on the surface, but a mistake has been made. I

might add that it appears to be a rather silly mistake.

In concluding my remarks, Mr. Chairman, let me suggest that the government should do a great deal of fancy skating to rectify this situation as soon as possible. The government must not wait until tomorrow to do something. It should adopt that old slogan, do it now. The government should establish a parliamentary committee to study this whole situation and recommend measures to correct it. If it did so, I am sure it would receive the unanimous co-operation of all members. The government should clamp down on those companies which are swindling not only the farmers but the Canadian taxpayers by unnecessarily increasing the cost of machinery of all kinds. This trend is inflationary and is detrimental to the country as a whole. The situation generally discourages the initiative of small, private enterprises, and it creates great problems for politicians in all parties, no matter how thick skinned they may be.

• (5:20 p.m.)

I believe that all parties in opposition will support the government in any measures they take to improve the situation. The producers of farm marchinery should be made to close their doors tomorrow morning if they are not able to explain in black and white why we have seen farm machinery costs spiralling. This kind of situation exists in many areas. Perhaps we are to blame in the first place. The same thing applies to the cost of construction. We wonder why the cost of housing has risen. We seem to forget the 11 per cent sales tax and the increase in interest rates. This situation exists with respect to the cost of farm machinery.

If it is our fault, we must take steps to remove some of the blockades that exist. We must exert pressure on the people concerned to reduce the cost of farm machinery so that our farmers will be able to obtain a profit at the end of the year. All the profit should not go into the hands of the farm machinery companies but should be available for the betterment of the farmer and the Canadian people as a whole.

Those, Mr. Chairman, are the two matters I wanted to place before the committee. This is the responsibility of the government. I refer to the spiralling cost of farm machinery. The same thing applies to the cost of producing any commodity in Canada, but at this time we are dealing with the situation confronting our farmers. We must also guarantee to the farmer that he will be able to sell his products. The government has a responsibility in this regard. I am looking forward to hearing the minister's explanations and his intentions in this regard.

[Mr. Langlois (Mégantic).]

Mr. Olson: Mr. Chairman, I intervene in the debate today, and for the first time from this side of the house, because it is certainly an important and serious matter when there are major fluctuations in the selling price of Canadian wheat. I listened with interest to the hon. member for Bow River. It seemed to me that he had ready a very great speech, if I may use that word, and somehow or other after the minister had completed his statement the steam had disappeared from the speech the hon. member intended to make.

I listened also to the other hon. members who have spoken. The hon. member for Springfield complained that action was not taken in July and August. I listened to the hon. member for Okanagan-Revelstoke. What he said was very interesting, because he was prepared to give me a great deal of credit for having so soon influenced the government in taking the action which the minister announced today.

I appreciate that kind of accolade but am afraid the facts will show that I do not deserve it. The minister made a speech in Winnipeg on Tuesday, September 14, to the Kennedy round trade opportunity seminar. At that time he made it very clear that he and his government intended that the farmers of western Canada could expect the minimums reached under the new agreement in Geneva to be those at which wheat would be sold. I will quote from the minister's speech. He said:

> I do not wish to go into detail at this time but I can assure you that every effort is being made to sell maximum quantities of wheat at the best possible prices. Although (the) agreement (is) not yet in effect, I hope wheat will trade within the maximum and minimum. If not, then special consideration will have to be given to what steps can be taken to ensure that the wheat board gets the minimum price.

Some hon. Members: Hear, hear.

Mr. Olson: It is only two weeks ago that the minister made it very very clear that the government intends to see that the Canadian Wheat Board will obtain at least the minimum price for distribution to farmers, as agreed to in the new wheat agreement. So, while I thank the hon. member for Okanagan-Revelstoke I am afraid that my being on this side of the house began some time after the minister had made his and the government's position clear in so far as this matter

is concerned. There is one other matter with which I should like to deal.

An hon. Member: What about $2 wheat?

Mr. Olson: I should like to answer questions from now until six o'clock if there were time. However, I wish to complete my remarks. I can see that other hon. members wish to speak on this subject. The hon. member for Rosthern, for example, is very anxious to get into the debate, as is the hon. member for Macleod and perhaps many others. I think one or two questions at the end of my remarks would be in order, but I do not want to use up all my time because there is very little left.

I think there is one other major point that should be raised because of what the hon. member for Springfield said. He complained that the government did not take any action during the months of July and August. I should like the hon. member to know that September 8 was the first day that the selling price of Canadian wheat was below the minimum price. Within three days the minister was in conference with the appropriate officials in Washington to try and reach some kind of understanding to correct this situation.

I can remember an incident when our minister was three days late arriving in Hong Kong. That was in 1961. I should like to talk about that. The situation now is quite different. Those three days taken by the minister were used to set up some positive plans, for fruitful discussion and positive action. I do not think hon. members opposite would like to talk about the three days that elapsed between the time positive action was taken and when somebody had to hurry to Hong Kong to make the announcement. There is quite a difference in the three days.

Mr. Cantelon: Mr. Chairman, would the hon. member permit a question?

Mr. Olson: No, the hon. member will not permit a question because there is not sufficient time, and that is the only reason. If hon. gentlemen opposite would care to do their homework they will find that immediately after the discussions which the minister held in Washington the price of wheat started to firm up.

Mr. Cantelon: Too late, and 15 cents too low.

Mr. Olson: Perhaps hon. members opposite would like to talk about the relationship of the government to the wheat board, and so on, so far as selling on foreign markets is concerned. I have sat in this house and listened to all the statements about the great job done by the previous administration in their aggressive selling of wheat. The hon. member for Bow River made that statement again today.

The only inference that can be taken from that remark of the hon. member for Bow River is that today the Canadian Wheat Board is not selling wheat aggressively. I do not accept that suggestion.

Some hon. Members: Hear, hear.

Mr. Olson: I am very proud, and justifiably so, of the performance of the Canadian Wheat Board in connection with the sales of wheat to communist China, Russia and other countries. There is one thing that has always puzzled me. The former administration took office in June of 1957. They were in office for the balance of 1957, all of 1958, all of 1959 and all of 1960. Yet throughout that entire period there were no great announcements of any tremendous wheat sales. It took them four years to get started as far as these sales were concerned. What is the explanation for that delay of four years? The reason is very simple, if they would only admit it. There were no additional markets available to the Canadian Wheat Board until that time.

• (5:30 p.m.)

When that market became available, Mr. Chairman, the Canadian Wheat Board was there to sell wheat at the maximum price. The same situation obtained with the $800 million transaction with the Soviet union in 1966. So, it is pretty clear that this old story about this aggressive selling dating back to around 1961 is losing some of its force. I think hon. members opposite would be well advised to let it quietly die away; it never did have any credence and the farmers understand that.

The hon. member for Bow River complained that the price is going down and at the same time complained that we are losing some of our markets. I am wondering what he expects the Canadian Wheat Board to do. If other competing countries initiate lower offering prices, what would the hon. member have the Canadian Wheat Board do? Hold the price, which would mean we would have no volume and consequently no sales? Or would

he have the wheat board adjust their price so as to remain competitive?

Mr. Churchill: The government should take some action.

Mr. Olson: The government has taken some action. It has already taken enough action today to take the steam out of all the speeches that were going to be made this afternoon.

Mr. Bell (Saint John-Albert): Don't count on that.

Mr. Olson: What would hon. members opposite have done? Would they put the Canadian Wheat Board into a price war with the United States treasury?

Mr. Woolliams: We would not let the United States take over Canada.

Mr. Olson: I do not think they would, and I do not think that the hon. member for Bow River really seriously suggested that no appropriate action has been taken.

Mr. Roxburgh: He is a cattle man anyway, not a wheat farmer.

Mr. Olson: I think the Canadian Wheat Board has acted very correctly and responsibly in adjusting prices to meet the new competitive situation in the world.

Mr. Rapp: Tell that to the farmers in Medicine Hat.

Mr. Olson: The hon. member for Bow River also told us how sad he was that we had lost a portion of the Japanese market, and certainly that is a very serious loss. But I wonder whether the hon. member has done his homework in this respect too. Is he aware, for example, that as far back as 1964 there was a very aggressive undertaking by interests in the United States to set up a number of schools and seminars in Japan to train Japanese bakers in future to use American winter wheat?

In this regard I should like to read a short extract from the Searle Grain Company Limited weekly letter for July 8, 1964:

> In a further effort to expand utilization of United States wheat in Japan, U.S. wheat growers, in co-operation with several other groups and agencies, have just launched an intensive regional program of training the future leaders of Japan's baking industry on the proper use of flour milled from U.S. wheat blends.

[Mr. Olson.]

The article goes on to indicate that there had been a very aggressive program in an attempt to get these bakers to use flour with the higher content of United States winter wheat. In spite of all this the Canadian Wheat Board since that time has been able to hold and expand the volume of wheat going to Japan until now. I think we should commend the Canadian Wheat Board on this.

Mr. Woolliams: Yes—until now. How this man opposite can change.

Mr. Olson: This man opposite has not changed. He has always been an ardent supporter of the Canadian Wheat Board and remains so today.

Mr. Churchill: And of the Liberal government.

Mr. Olson: I hope that hon. gentlemen opposite will forget that untrue statement that was flung across the house a number of times, namely that this member was ever opposed to selling wheat to Communist China. That statement is false, and as far as I am concerned they know it is.

Mr. Woolliams: What about your leader at that time?

Mr. Olson: He will have to answer for what he said. I will answer for what I said, and I did not say that. If hon. gentleman had read the press the next day they would have found that the hon. member for Medicine Hat disagreed with that statement; they forget that.

In conclusion, Mr. Chairman, I think the government has taken appropriate action, that the trend has now been reversed and the price of wheat is moving up again. I think that is commendable. Much remains to be done and I hope that the minister and his department will finish the work. What is clear to me even today is that the wheat board, with full co-operation from the government, is doing everything possible to sell the maximum volume of wheat at the best price which is obtainable. Their record of action during the past two or three weeks bears that out in very clear terms.

Mr. Nasserden: Mr. Chairman, this is one of those occasions, having listened to the speech we have just heard from across the way, when one should reflect upon the history of the party to which the hon. gentleman belonged and the stand it took regarding sales of grain by Canada, particularly during the period when the former leader of the

opposition was prime minister of this country and the hon. member for Qu'Appelle was minister of agriculture.

The hon. member across the way indicated that he was never against wheat sales to China, yet he ran in more than one election campaign as a candidate for a party that was against those sales.

Mr. Jorgenson: No principle.

Mr. Nasserden: I have heard his colleagues in the party to which he once belonged speaking on platforms across the prairies, particularly in the province of Saskatchewan, and reiterating time and time again the shortcomings of the former Conservative prime minister and minister of agriculture because they had entered into these sales. I think it can be said that the hon. member himself at times questioned the advisability of making sales on a credit basis; he will not deny that.

Mr. Olson: The hon. member for Medicine Hat dissociated himself from that statement the day after it was made.

Mr. Nasserden: At least he admits it was made.

I now turn to the question before the committee today. The announcement made by the minister was one that the producers in western Canada will appreciate. The people in western Canada would have appreciated it a lot more were it not for the fact that they know there will soon be a general election in the province of Saskatchewan. The Liberal candidates who were travellng up and down the province last week were not able to talk about provincial politics at all. The question being fired at them was: What are you doing to get the government at Ottawa to do something about the price of wheat and the falling grain sales which are taken place in this country?

This is why we have had the announcement today from the government. There is nothing in it which bears any relationship to the promises which were made during the last election campaign as hon. gentleman opposite went across the country declaring they would give the grain producers $2 wheat. Where is that guarantee of $2 wheat? How was this subsidy to the grain producers of western Canada arrived at? Any way you look at it, it is a makeshift which has been put forward at the last minute to help a provincial premier try to salvage something from what is happening in the province of Saskatchewan at the present time.

I think of the statements made by officials of the grain trade in western Canada and compare them with the statement made by the minister today. The minister said he was in Washington on September 12.

• (5:40 p.m.)

The minister came back from Washington, and what action did he take? He comes to the House of Commons and says to the people of Canada, "We will support the price of wheat; we will pay the grain producers of western Canada the difference between the price they sell at on world markets and the price set in the international wheat agreement". Unless I am mistaken, this is an indication that the minister's mission in Washington failed.

Mr. Churchill: That is right.

Mr. Nasserden: The minister expects continued sales of grain at prices lower than the minimums set under the new international wheat agreement. That is the only conclusion one can come to. Yet the hon. member for Medicine Hat and the Minister of Trade and Commerce say that all will be well as a result of the action that has been taken today.

Charlie Gibbings, the president of the Saskatchewan wheat pool, had this to say, according to the *Globe and Mail* of September 13. The article comes from Regina.

Mr. Nicholson: Listen to what he will say tomorrow.

Mr. Nasserden: I know what he will say tomorrow. He will say that this is a makeshift policy embarked on by this government; that it has absolutely no relation to the cost of production today; that it has no relation to the promises made by the Liberal party in two or three election campaigns to the producers of western Canada. That is what Charlie Gibbings and the farm leaders of western Canada will say, though they will thank you for the pittance you have given them.

When I congratulated the minister last summer on the progress he was making in western Canada and the image that he was building, I hoped that my praise would not go to his head.

Some hon. Members: Oh, oh.

Mr. Churchill: Don't congratulate him again.

Mr. Nasserden: I can tell the minister on this occasion that price alone is not bothering the farmers of western Canada. The 590 million bushels of carryover is bothering them, as well as the fact that sales have slumped and that we have lost markets to other nations. These things are bothering them. Then, this minister says and the hon. member for Medicine Hat says: "This government acted within a period of three days." Where have the minister and the government been since last June when prices first began to decline? Does one wait for a catastrophe to arrive, or does one look at what is happening, recognize the trend and try to stave off the trouble, thereby saving the taxpayers of this country something in the process? That is what the government that preceded this one did.

On the front benches of the opposition side of the house sits an hon. member who was the minister of trade and commerce in the former government. He and his prime minister went to Washington to stave off problems similar to those we are now experiencing. That was back in 1958.

Some hon. Members: Hear, hear.

Mr. Nasserden: Well, we have not got the $2 wheat that the government promised; we have not even got the old promise, that they were to give to the producers in western Canada $1 a bushel more on the first 300 bushels of wheat. That, also, would have cost the treasury a great deal of money. The government's action does not recognize the serious problem caused by increasing costs that bear heavily on individual producers and the agricultural industry of western Canada and other parts of the country. During the past year these costs have risen at a tremendous rate.

I see that the minister who is in charge of housing is in the house. Well, there is a housing crisis in this country; there is also a crisis in agriculture, in international affairs and in national unity. There is a crisis in almost every area in which this government has responsibility. Yet always the answer that the opposition has been given has been: "We have taken action; let us wait and see"; or, "We will take action tomorrow;" or "A royal commission is to be set up to study the problem."

The role of the opposition in Canada has been questioned by some during the past several months. The role of the parliamentary opposition is to warn of what may take place in the country, to warn of what may take place in housing, agriculture or international affairs. This government was warned of what would happen. The former minister of agriculture, who is not here today—

An hon. Member: Where is he?

Mr. Nasserden: He is where he should be today.

An hon. Member: Where?

Mr. Nasserden: Explaining to the farmers of Saskatchewan some of the shortcomings of the administration—

Some hon. Members: Oh, oh.

Mr. Nasserden: —of the administration that sits on the government side. I want the Prime Minister to consider what I am about to say. The Canadian Wheat Board should be under the Minister of Agriculture. This is where it was when we formed the government. Today's announcement does not take into consideration the welfare of our grain producers. This policy is a makeshift; if the board were under the Minister of Agriculture we could hold him responsible. As it is, the Minister of Trade and Commerce can say: "Agriculture is under the Minister of Agriculture and I cannot answer for him." So, we can have this buck passing between ministers.

The Minister of Trade and Commerce would not do that, I know. He does not like the idea that the Minister of Agriculture can do anything in a better way than he can, but that is an aside.

As I said, the Canadian Wheat Board should be under the Department of Agriculture. The Minister of Agriculture, the Prime Minister and the Minister of Trade and Commerce could have met United States authorities at any time since June, discussed these matters, and protected not only Canadian producers but also the integrity of the international wheat agreement. The producers of western Canada fought for this agreement over the years. They cherish it and it is something they will defend with their last vote and their last dollar. Members of the government should remember that. When the government say, "We had to wait until the price of wheat went below the floor" is to admit that this problem did not get the consideration it deserved. That made me really disappointed with the Minister of Trade and Commerce. I have a high regard for him; I thought he was coming along fine. In fact, I

was looking forward to the day when he might be the leader of his party.

Mr. Churchill: Hear, hear.

Mr. Nasserden: If he thinks that the government's action will enhance his reputation, he had better think again. I say that in all sincerity. The producers in western Canada will not be fooled. They will know that the government acted only because of the general election presently being fought in Saskatchewan. They will know that the government acted in this way only because they were unable to secure the co-operation and understanding of United States officials. And that, my friends, is very serious; it means that the ministry has been unable to come to terms in this regard with the administration in Washington.

• (5:50 p.m.)

I can only hope that the minister's optimism will be justified and that the price of wheat will recover. If I understood him rightly, the hon. gentleman referred to the law of supply and demand and indicated that price was a decisive factor in the movement of grain. Those who are producing grain not only in Canada but elsewhere in the world know that one of the reasons for establishing an international wheat agreement in the first place was a realization that price has very little to do with the movement of grain; there are other factors which enter into it, the urgency of the need, for example, or the availability of funds to finance sales. This is why the wheat agreement was negotiated with China on a credit basis resulting in the movement of wheat which had been piling up for years on the farms, in elevators and at terminals under the former Liberal administration.

In conclusion, I wish to thank the minister for the action the government has taken. It will reassure farmers that some kind of floor under the price is being provided. But it represents far less of an assurance than the farmers might expect from the government at this time. We can only hope that the minister's optimism is justified and that he will not lessen his efforts to influence the United States authorities in connection with their sales program.

Mr. Watson (Assiniboia): In the few minutes at my disposal I do not intend to deal as fully with this subject as I had planned. I wish to say that my hon. friend from Bow River and my hon. friend from Rosthern have given forcible expression to the feelings and thoughts of the farmers of western Canada and I simply add that I agree wholeheartedly with the statements they have made.

I wish, also, to tell the minister that we in western Canada do appreciate the statement he made this afternoon. It reminds me of the story about the boy putting his finger in the whole in the dam. That is exactly what has taken place in this case. The dam has begun to leak. The government has seen the problem and this is a stop-gap measure. The farmers of western Canada believe they are encountering one of the most serious problems they have faced for many years. They are concerned about the market situation and the events which have led to the recent drop in wheat prices. They are concerned, too, about the price of wheat, though this has been taken care of temporarily. I wish to refer briefly to the transport situation as far as grain is concerned as well as to the urgent need for finding markets for that grain. We all know that the farmers of western Canada have all along been carrying the burden of current wheat prices entirely on their backs. They feel they have been battling the entire resources of the United States treasury allied with all the other main exporting countries, since up to the present Canada has been the only main producing nation which has declined to subsidize growers. This is our main concern.

I should like to know—and the minister is no doubt in a position to tell us—whether the subsidy mentioned today will apply to all the grain produced and sold in the current year or whether it will apply only in respect of grain which is exported. We in western Canada are very much concerned lest we return to conditions which prevailed between 1953 and 1957 when we saw our stocks of grain pile up on the farms and in the country elevators to the extent of 700 million bushels. It was only through the aggressiveness of the former Conservative government and the minister of agriculture at that time that this situation was changed.

I wish to read an article which appeared in yesterday's *Globe and Mail*, a Canadian Press story from Winnipeg. The headline reads: "Wheat Exports Off Sharply". This is the crux of the problem facing Canadian exporters today.

Canadian wheat exports in August showed a sharp decrease from August, 1966, and a substantial decrease from the 10-year average for the month.

Exports of 24.4 million bushels were 39.8 million below the 10-year average, the Board of Grain Commissioners reported yesterday.

Principal markets for August's exports, with comparable 1966 figures in brackets—Britain five million (five million); the Soviet Union three million (8.9 million); Belgium and Luxembourg 2.6 million (2.9 million); Italy 1.9 million (1.5 million); Japan 1.8 million (6.9 million).

This is what farmers are concerned about. Why has there been such a rapid decline this year? Is the minister doing all he can, along with other members of the government, to maintain our markets or is he sitting back and letting the great country to the south, the United States, which has been subsidizing its farmers all along, continue to undersell us at the expense of the Canadian producer?

The last report of the Saskatchewan Wheat Pool estimates that 320 million bushels of wheat will be produced in western Canada in the current year including 17 million bushels of durum. In addition it is estimated there will be 50 million bushels of oats produced and 63 million bushels of barley. The total comes, in all, to 433 million bushels according to the figures reported in the *Globe and Mail* yesterday.

Our farmers realize they have had a strike on their hands in western Canada—the seamen's strike—and that up to the present grain has not been moving. The situation is becoming serious. I feel it is time that every point in western Canada was placed on a one bushel quota and I urge the minister to impress on the wheat board the importance of getting the quota opened up. Farmers and businessmen are complaining bitterly; I need not tell hon. members of this house that the lots of implement dealers are packed with new machinery which they are unable to sell.

• (6:00 p.m.)

Farmers are experiencing the pinch. They need money because their notes are coming due on the combines and tractors they previously bought. They are in dire need of money as quickly as possible.

The farmers have been reasonably content up to the present time, but now there is a great deal of uneasiness among them. The softness in world wheat prices has the farm community aroused. There is widespread fear that the United States is going to embark on another world wheat price war, and we would like the assurance of the minister that this will not take place.

In closing, Mr. Chairman, it is unfortunate that this situation has come about. The drop in the price of wheat will not show up until the final payments that the farmers receive in 1969. At the present time, most people in Canada do not realize that the full result of what is taking place will not show until that time.

[Mr. Watson (Assiniboia).]

Item agreed to.

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

Mr. Nicholson: Mr. Speaker, I would ask unanimous consent of the house to revert to motions for the purpose of making a statement. I think this is agreeable to the house leaders.

Mr. Deputy Speaker: Does the house give unanimous consent to revert to motions at this time?

Some hon. Members: Agreed.

HOUSING

ANNOUNCEMENT OF INCREASED INTEREST RATES ON MORTGAGE LOANS

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I should like to make a statement concerning interest rates on loans under the National Housing Act. In November of last year I announced introduction of a formula designed to adjust automatically the rate for home-owner and rental housing loans made by approved lenders, or by Central Mortgage and Housing Corporation where loans were not available through approved lenders. Under that formula the rate is adjusted at the end of each quarter in relation to changing yields on long-term federal government bonds.

Despite introduction of this self-adjusting formula, which got satisfactory results during the first quarter, the N.H.A. rate throughout the year has been substantially below conventional rates, and for the past six months it has offered no significant premium over high grade corporate bond yields. As a result since March 31 private lenders have shown very little enthusiasm for N.H.A. insured mortgages.

During 1967 the N.H.A. rate has been adjusted at the end of each calendar quarter to a level 1½ per cent above the long-term government bond yield whereas section 4 of the National Housing Act, which was amended to provide for this some years ago, permits a spread of 2¼ per cent.

In order to attract private funds into housing and to enable the government to concentrate its future lending in the important social areas of greatest need, namely, public housing, housing for elderly people, housing for students and urban renewal, the government has decided to take full advantage of the spread authorized in the statute. We anticipate this change will result in increased lending activity on the part of primary lenders and at the same time substantially increase activity in the secondary mortgage market, which is very important at this time.

Therefore, Mr. Speaker, effective October 1, the maximum rate of interest on home-ownership and rental loans will be set at 8¼ per cent and will remain at that level until the next quarterly adjustment at the end of this year.

In making this announcement, Mr. Speaker, I wish to make it perfectly clear that there will be no change in the N.H.A. interest rate policy on loans for public housing projects for families of low income, housing for elderly persons, student housing, land assembly, urban renewal and sewage treatment plants.

The change I am now announcing should not be expected to provide the complete answer to our current serious housing situation. Nevertheless, it is an important part of the whole, and I will have more to say on this subject during the housing debate tomorrow, and no doubt other members will have something to say as well.

Mr. Starr: You will need to.

Mr. Nicholson: But one thing is obvious, the government must look, and Canada generally must look, to private lending institutions to increase substantially their participation in that part of the housing requirement which traditionally is a commercial lending operation, specifically home owner and rental housing for those who can afford housing on an economic base.

As I have just indicated, the government intends to devote a larger proportion of its resources to the social needs of the lower income groups and to the trouble spots resulting from the fantastic urban growth that has taken place, in order to provide improved living conditions in urban areas.

It should also be noted, Mr. Speaker, that the prime N.H.A. interest rate, that which I have just announced, is the maximum rate. Within the wider spread provided between bond yields and the new N.H.A. rate private lending institutions have the opportunity to initiate lending at rates below the maximum.

Mr. J. R. Keays (Gaspé): Mr. Speaker, it is regrettable that the minister has had to make the announcement which we have just heard. It is a sad story for all the hopeful who thought the government has some concern about their plight, especially those citizens who are looking for proper shelter. The cost of rental housing is getting beyond the reach of the ordinary citizen and we can only look with despair to the immediate future. This new addition to costs by the increase in the interest rate charged on loans will simply inflict a greater degree of suffering on those who are experiencing the acute crisis in housing.

This increase in the interest rate is just more conclusive proof of the government's determined refusal, since assuming office, to look ahead and adopt those measures which could sidetrack the influences which obstruct the path to a stable economy.

The government simply would not face up to the fiscal and economic crises of the day. It would not adopt the fiscal measures needed to combat inflation and rising prices, rises which have made an excessive demand on wages and led to imminent unemployment. The government has left it to the governor of the Bank of Canada to make the move because it did not have the gumption to do so. This is all strictly as a result of the announcement made by the Bank of Canada yesterday. It is due to the fact that the government did not face up to its responsibility of changing its fiscal measures and policies. They have left it to the Bank of Canada to come to the rescue of the Canadian economy. We have foreseen the further implications in this announcement. I hope that during the debate tomorrow we will be able to delve further into certain consequences of the increase in the interest rate.

• (6:10 p.m.)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the statement just made by the Minister of Labour (Mr. Nicholson) is an admission of the complete and utter bankruptcy of this government so far as housing policy is concerned. As a solution to the housing problem, the words that have been given to us today are just so much eyewash. We feel that what is needed is a direct approach to the problem of housing. When I say a direct approach I have two things in particular in mind. We in the New Democratic party believe we will have to get away from private lending institutions for the

building of houses and will have to concentrate on the making of direct loans. Reference has been made to the Bank of Canada. We will have to make more use of the Bank of Canada for direct loans.

When I urge that we come at this problem directly, my other point is—and I think the Economic Council in its fourth report said something to this effect—that housing should not be just a pawn we play with when fiddling with economics but that it should be a concern in its own right and a major concern of government and parliamentary policy, not something to be played with as this government is doing.

The suggestion that the maximum rate under N.H.A. loans be raised to 8¼ per cent as a means of solving this problem is a suggestion which is ridiculous coming from anyone, and especially from a responsible minister of the crown. I noted the way the minister said that the government in effect is getting out of the business of helping individuals with homes so that it could put more money into other important social areas. It was this that brought the word "eyewash" to my mind. If this government were doing anything significant in the field of public housing, housing for the elderly, for students and in the field of urban renewal, then the suggestion might have some meaning.

We have not had an opportunity, for this brief statement, to get hold of the statistics, but everyone knows the statistics indicate that precious little is being done by the government in these important social areas about which the Minister of Labour now speaks. So, Mr. Speaker, I suggest that the worsening we have seen in the last year or two so far as housing is concerned will be accelerated by this proposition. With this figure of 8¼ per cent we will add to the burden in respect of getting houses built for our people. The building of houses is not just something that should be carried on for the purpose of making a profit for private lenders or private builders. Housing is not just something to be played with in an effort to adjust the various factors in our economy. Housing is one of the most basic essentials for people anywhere and one of the most basic essentials of this modern kind of society in which we live.

I call upon this government to stop playing with this problem and come directly to the whole problem. As the minister has said, a great deal more will be said about this tomorrow by him, I hope, and by members of this group, but I want to say tonight that we regard this statement as very disappointing. We did not think that even this government would go that far. We say this is the kind of thing which will rob this government of any confidence it ever had on the part of the Canadian people.

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, at this late hour I should like to say two things about the minister's announcement. First of all, 8¼ per cent interest is a grievous rate of interest. I hope that we will have an opportunity to work out the mathematics of $12,000 or $15,000 lent or loaned over a space of 15 or 20 years so that we and the public will have a better idea of exactly what it will mean.

What I regret most about the minister's statement is the tendency to confuse cause and effect to some extent and to blame the situation on the rush toward urbanization, the rush to the cities in Canada. I know this is going on. I know this is a world-wide phenomena and one cannot lay the blame for the whole thing on the government. It seems to me, however, that some of the blame for the acceleration of this problem can be laid on the shoulders of the government because the government has denied N.H.A. lending through placing restrictions on the loans which can be administered in areas which could benefit from it. This applies particularly to the problem of sewage disposal which goes far beyond the wishes and demands of the local health units. The minister knows of what I speak.

I think Central Mortgage and Housing Corporation could correct this aspect which accelerates the rush to the city which this afternoon the minister has blamed for the crisis which now confronts him.

At 6.18 p.m. the house adjourned, without question put, pursuant to standing order.

[The following item was passed in Committee of Supply this day:]

DEPARTMENT OF TRADE AND COMMERCE

1.

HOUSE OF COMMONS

Thursday, September 28, 1967

The house met at 2.30 p.m.

[*Translation*]

CANADIAN FLAG

PROVISION RESPECTING USE ON CEREMONIAL OCCASIONS

Mr. Maurice Allard (Sherbrooke) moved for leave to introduce Bill No. C-153 entitled "An act respecting the use of the Canadian flag on ceremonial occasions."

Some hon. Members: Explain.

Mr. Allard: Mr. Speaker, the Union Jack is usually hoisted in the presence of Her Majesty the Queen of Canada or her representative on public occasions or ceremonies. Now, Her Majesty the Queen of Canada is also chief of the Canadian state and acts as such in our country; therefore, it seems that in the presence of the chief of the Canadian state, the Canadian flag can be hoisted as well as the flag usually hoisted according to the established custom.

This is the object of the present bill.

Motion agreed to and bill read the first time.

[*English*]

EXTERNAL AFFAIRS

VIET NAM—SPEECH AT UN BY EXTERNAL AFFAIRS MINISTER—VISIT TO CANADA BY ALLEGED STUDENTS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I have a question to address to the Prime Minister. It is in reference to the interesting address made yesterday by the Secretary of State for External Affairs to the United Nations general assembly in which he urged cessation of the bombing of North Viet Nam and declared also—I quote—that "there is no hope for progress toward a peaceful settlement in appeals or proposals which place the total burden on one side only."

I should like to ask the Prime Minister whether the government is planning to follow up this statement by negotiations or discussions with other parties involved designed to bring about an improvement in this most dangerous situation. In particular I should like to know whether any new overtures are being planned to the authorities at Hanoi or their allies to end the flow of troops and war materials from North Viet Nam to South Viet Nam should the bombing cease.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Secretary of State for External Affairs is at the moment on his way back to Ottawa. I had hoped that he would be in his seat to deal with this particular matter, but he will not be here until tomorrow morning now.

I know discussions have been going on with other governments as to what steps can be taken to follow up the various proposals which have been made in connection with this conflict. There are no special steps I know of that are being taken, certainly not by us, with Hanoi at the moment, but perhaps the Secretary of State for External Affairs can add to my reply tomorrow. He has been in touch with a good many delegations at the United Nations and may be able to add to what I have said.

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I have a related question for the Prime Minister. I wish to ask whether the Prime Minister can tell us what is the purpose of the visit to Canada by members of the Vietnamese liberation front, which is a communist organization currently engaged in active hostilities against United States forces in Viet Nam. On what grounds were visas granted by the Canadian government for what appears to be a propaganda tour, and has the government received any representation with regard to this matter from Washington?

Mr. Pearson: Mr. Speaker, these students, or so-called students, were invited to Canada by a Quebec students' organization. They are travelling on North Vietnamese passports, which are acceptable under certain conditions for admission to Canada. If they had been travelling on documents issued by the so-called liberation front this would not have been acceptable. We do have a relationship with the government of North Viet Nam

because of our membership on the international commission, and we recognize their passports as they recognize ours. I do not know what is the purpose of their visit, Mr. Speaker, but in the circumstances it did not seem possible or desirable to refuse the recognition of North Vietnamese passports regularly held by these applicants for admission to this country.

Subject to further examination, I think we have received a query from the United States government as to any information we may have about the nature and purpose of this visit. I should like to look into that part of the question.

Mr. David Lewis (York South): Mr. Speaker, I rise to ask a supplementary question in view of an expression used by the right hon. gentleman. Did I hear him say that we had received a clearing from Washington as to these students, or was the word used a "query"?

Mr. Pearson: Mr. Speaker, it is my impression that we have received a query from Washington, but I want to look into the nature of the query, if any.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I should like to ask the Prime Minister a question about the doubt cast on the status of these people on tour from North Viet Nam. Why is it that the immigration department did not take a closer look, inasmuch as the Prime Minister himself referred to them as so-called students?

Mr. Pearson: Mr. Speaker, the description of a person as a student—whether he is or is not a student—is not in itself reason for refusal of admission. I used the words "so-called students" because I noted that one of them was, I think, 40 years of age, which seemed to me to be a little old to go to university.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I have a further supplementary question for the Prime Minister. The Prime Minister stated that there is mutual recognition of passports as between North Viet Nam and Canada. Does this necessarily imply that these students must appear on the television program "Aujourdhui", when we are not quite sure why they have come to this country?

Mr. Pearson: No, Mr. Speaker. That is an entirely different question to the matter of their appearance on television. Their passports would have nothing to do with that.

[Mr. Pearson.]

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): I have a further supplementary question, Mr. Speaker. May I ask the Prime Minister whether he would give us the name of the student organization that gave the invitation?

Mr. Pearson: L'union générale des étudiants du Québec.

Hon. E. D. Fulton (Kamloops): May I ask a further supplementary question. We are given to understand that the Secretary of State for External Affairs had at least informal discussion with Secretary Rusk of the United States before making his speech at the United Nations. Is the Prime Minister in a position to report to us what was the attitude or reaction of Secretary Rusk and the United States government?

Mr. Pearson: No, I am not. Perhaps my hon. friend could ask that question of the Secretary of State for External Affairs. I am not in a position to say what was the reaction by Secretary Rusk to the remarks of the Secretary of State for External Affairs.

Mr. David MacDonald (Prince): Mr. Speaker, I have a supplementary question. In the light of the Prime Minister's recent policy statement in terms of Viet Nam, is the government now contemplating furthering its activity in the field of civilian rehabilitation in Viet Nam or in particular by bringing Vietnamese children to Canada for rehabilitation?

Mr. Pearson: I do not think these questions are necessarily related. I think one should be considered quite apart from the other. The fact that the Secretary of State for External Affairs yesterday indicated a policy that the bombing should stop does not affect our obligation to bring about peace and help people in that country. Perhaps I should add that while the Secretary of State for External Affairs emphasized that the bombing should stop he also pointed out that the stopping of the bombing, unless followed by other steps taken by the other side, would not in the circumstances bring about peace.

PUBLIC SERVICE

ESTABLISHMENT OF ADVISORY COMMITTEE ON EXECUTIVE COMPENSATION

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, my question is for the President of the Treasury Board. In view of his announcement last September 13 that he was setting

up an advisory committee on executive compensation in the public service in accordance with the recommendation of the joint Senate and House of Commons committee on the public service, can he now inform the house whether this advisory committee has been established and, if so, who are its members?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, at this point I am not able to indicate the names of the members of the committee. We have received recommendations with regard to persons who should be approached and have been approaching some of these persons. When the slate is completed I will be very happy to announce it in the house.

Mr. Lewis: I have a supplementary question.

Mr. Speaker: Order, please. Perhaps I might bring to the attention of the hon. member that this very question is on the order paper; therefore I do not believe I should allow further questions on the matter at this time.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

EXTENSION OF FRENCH RADIO AND TELEVISION SERVICE IN WEST

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question is directed to the Secretary of State.

In view of the principle which states that both official languages must be recognized from coast to coast and in view of the fact that I have been asking for five years that the C.B.C.'s radio and television services be given in British Columbia, is the minister in a position to tell us today if the radio and television services of the C.B.C.'s French network has improved in British Columbia?

Mr. Speaker: Order. I hesitate to recognize and allow the question which the hon. member is asking the minister, namely if the service has improved. Of course, the minister is being asked to express an opinion and it would seem that in that respect the question is out of order.

Mr. Caouette: Mr. Speaker, I can amend my question by asking if the French radio and television service is provided at this time to the French-speaking people of British Columbia?

Mr. Speaker, I rise on a point of order.

I think my question is perfectly in order and it seems to me the minister should tell us whether or not the French language is respected in British Columbia as we respect it elsewhere in Canada.

Mr. Speaker: The hon. member's supplementary question is becoming out of order because he requests an expression of opinion by a minister.

[*English*]

HOUSING

PROVISION FOR N.H.A. MORTGAGES FOR MIDDLE INCOME GROUP

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Prime Minister. In view of the fact that the very sharp increase announced last night in N.H.A. mortgage interest rates will make it impossible for individuals earning less than $8,000 per year to apply for N.H.A. mortgages, is the government considering some plan which will enable those earning less than this to apply for N.H.A. mortgages?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we will be discussing this in a few minutes. Perhaps my hon. friend will hold his question until after the statement of the Minister of Labour.

Mr. Hees: I have a supplementary question. Has the Prime Minister not made up his mind, like everyone else in this house, that statements we wait for from the Minister of Labour are really meaningless, and that it is only reasonable that the Prime Minister should make an explanation?

RURAL DEVELOPMENT

ARDA—ACTION ON REPORT RESPECTING NORTHERN NOVA SCOTIA

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, before the house took recess the Minister of Forestry and Rural Development advised that the government intended to hold meetings with the ARDA task force on its report in respect of the nine northern counties of Nova Scotia. I am wondering if he can now advise the house whether the government has reached a decision.

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Yes, Mr. Speaker,

there have been meetings between the government of Nova Scotia and representatives of the federal ARDA administration. The work is progressing normally and satisfactorily.

Mr. MacEwan: When does the minister expect a decision to be made and action to be taken on this important report?

Mr. Sauvé: Some action has already taken place, in that a committee has been established and a plan is being prepared by the officials of both governments.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO INTRODUCTION OF AMENDING LEGISLATION

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is addressed to the Minister of Labour. As a result of some confusion and uncertainty arising out of his clarification yesterday can the minister now advise the house whether, as a result of proposed amendments to the Unemployment Insurance Act, the employer-employee relationships which are to be broadened will include registered nurses? Will the minister also indicate to the house when he anticipates that this legislation will be brought forward so this whole question can be settled in the minds of the public?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, it is our hope that this legislation will be brought forward at an early date. We already have a pretty full legislative timetable, but this matter is of great importance and will be brought forward as soon as possible. At that time the extent of the changes recommended by the government will be disclosed in the bill. If there should be any extension of the trend toward universality this will be based on the employer and employee relationship. I might say that this is a trend which has occurred over a period of years. It is a gradual trend, and there has been no specific decision as yet for any extension.

Mr. Eldon M. Woolliams (Bow River): I have a supplementary question. Will the Minister of Labour indicate whether his government has abandoned the idea of increasing to $65 the weekly amount now paid under the Unemployment Insurance Act?

Mr. Nicholson: I welcome that question, Mr. Speaker. The government never had that idea. Whoever put it forward must have been someone who makes reckless statements, such as the hon. member does at times.

Mr. Woolliams: Mr. Speaker, I do not intend to argue with the Minister of Labour, but it was reported in the Canadian Press that he made such a statement, and it is up to him to have it withdrawn.

FISHERIES

BRITISH COLUMBIA—PROTESTS ON DIVISION OF SALMON CATCH

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question for the Minister of Fisheries. Is his department aware of the rather serious criticism made by the fishermen of British Columbia about the division of the sockeye salmon catch in the Canadian area of the Pacific as between Canadian and United States fishermen? The criticism is that this division is unfair to Canadians.

Mr. Speaker: Order. I suggest to the hon. member that his question as asked is not in order. He is asking whether the minister is aware of certain criticism, and that is certainly not an urgent question.

OPENING OF PURSE SEINING SEASON IN BAY OF FUNDY

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to address a question to the Minister of Fisheries. Is it the intention of the minister's department to open the purse seining season in the bay of Fundy on October 1 as promised?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, I do not understand exactly what the hon. member means by the opening of the purse seining season. If the hon. member refers to that section of the bay of Fundy on the New Brunswick side, there will be no change in the date that was in effect last year, which I believe was October 1 or October 15.

[*Translation*]

EXPO '67

CONTRIBUTIONS TO COST BY GOVERNMENTS OF QUEBEC AND MONTREAL

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to put a question to the right hon. Prime Minister.

Is the Prime Minister in a position to say whether the governments of the province of Quebec and of the city of Montreal have contributed financially to the development of the site of Expo 67?

Mr. Speaker: Order. This question should be put on the order paper.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO JOINT SECURITIES AND EXCHANGE CONTROL

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the Registrar General concerning the statement he has made in Toronto on the advisability of creating in Canada a federal-provincial board on the control stock exchange operations.

Is the hon. minister in a position to tell the house whether he intends to call an early meeting of the provincial premiers or finance ministers?

Hon. John N. Turner (Registrar General): Mr. Speaker, I wish to thank the hon. member for his courtesy in giving notice of his question. I think that the calling of such a meeting comes under the jurisdiction of the right hon. Prime Minister.

[*English*]

HEALTH AND WELFARE

EQUIPPING OF MOTOR VEHICLES WITH EXHAUST CONTROLS

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. In view of the fact that the government of Ontario announced last week that all motor vehicles sold in Ontario must be equipped with exhaust controls, I ask the minister whether the government will now consider making this a national standard.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I made a statement some time ago setting out the view of the department with respect to the efficacy of these controls. We are now examining the new situation to see whether that former view should be modified in any way.

Inquiries of the Ministry

ROYAL CANADIAN MOUNTED POLICE

RAIDS ON OFFICES OF SERBIAN NATIONAL COMMITTEE

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. Has he received a letter dated September 16 on behalf of the Serbian national committee protesting against raids by the R.C.M.P. on the offices of members of the board of directors of that organization? If so, has the Prime Minister replied, what is the nature of his reply, and will he investigate the reasons for the harassment experienced by these Canadian citizens and report to the house?

Right Hon. L. B. Pearson (Prime Minister): I will be glad to look into that matter, Mr. Speaker. At the moment I am not certain whether I received a letter of that kind.

FINANCE

INCREASED CANADIAN AID TO INTERNATIONAL DEVELOPMENT BANK

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is to the right hon. Prime Minister. Can we expect a statement on increased Canadian aid to the International Development Bank that would back up the remarks made by the Minister of Finance in a recent speech in Rio de Janeiro?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will ask the Minister of Finance about that when he returns from Rio. I think he is on his way back now.

AGRICULTURE

INQUIRY AS TO ESTABLISHMENT OF FARM POLICY TASK FORCE

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Agriculture. Can the minister say whether the farm policy task force which he initially referred to many months ago is yet operational?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the members of the task force have been named and are commencing their work shortly.

Mr. W. H. Jorgenson (Provencher): A supplementary question, Mr. Speaker. Can the

minister advise us who will be the chairman of that task force?

Mr. Greene: If the task force requires a chairman he will be named from among the members.

[*Translation*]

RURAL DEVELOPMENT

LOWER ST. LAWRENCE—INQUIRY AS TO DEVELOPMENT PLAN

On the orders of the day:

Hon. René Tremblay (Matapédia-Matane): Mr. Speaker, I would like to put a question to the hon. Minister of Forestry and Rural Development.

Could the hon. minister tell the house when he is hoping to sign the agreement with the government of the province of Quebec, with respect to the implementation of the program for the development of the Lower St. Lawrence, Gaspé Peninsula and the Magdalen Islands?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, if we can carry on our negotiations smoothly, I hope that in two months and a half to three months we will have the pleasure of signing this agreement.

Mr. Tremblay: I would like to ask a supplementary question.

Could the hon. minister assure the house that this agreement will take into account the responsibilities and prerogatives of the federal government in this pilot territory?

Mr. Sauvé: Mr. Speaker, just as in any such agreement, the federal authorities will fulfil the duties devolved upon them, and the province will also assume the responsibilities under its jurisdiction.

Hon. Martial Asselin (Charlevoix): I would also like to ask the minister what is the share of the federal government in those agreements for the development of that area of the Gaspé Peninsula. Is it fifty-fifty with the province of Quebec?

Mr. Sauvé: Mr. Speaker, it varies according to areas. Up to now, in the three agreements signed, the federal contribution was 66 per cent and I think that in the case of the Development Bureau of Eastern Quebec for the Lower St. Lawrence area, the Gaspé Peninsula and the Magdalen Islands the federal government contribution will amount to approximately $160 million out of a total amount of $250 million.

[Mr. Jorgenson.]

[*English*]

HOUSING

VANCOUVER—PROPOSED POSTPONEMENT OF PUBLIC PROJECTS

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of Labour in his capacity as minister in charge of Central Mortgage and Housing Corporation. I hope Your Honour will not rule this question out before you hear it because so many people want to speak on this subject today; but this is a single urgent point, and I probably will not get a chance to raise it later.

Has the minister's attention been drawn to the suddenly aggravated situation in Vancouver caused by the proposal of the city planning director to abandon or indefinitely postpone eight public housing projects which would provide nearly 500 housing units? If so, what plans has the minister for dealing with this situation?

Mr. Speaker: I hope the hon. member will be satisfied that I did not rule the question out of order before I heard it, but I suggest it might be asked later this afternoon.

SPORTS

PAN-AMERICAN GAMES—THANKS FOR FEDERAL CONTRIBUTION TO SUCCESS

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is for the Prime Minister, and it is one I should have asked him on Monday when this session resumed. Would the Prime Minister accept the thanks of my constituents for the contribution the federal government made this past summer to the success of the pan-American games.

Right Hon. L. B. Pearson (Prime Minister): I will be very glad to do that, Mr. Speaker, and to confirm what my hon. friend said about the amazing success of those games, even though we were all wet when they started. I should like to ask the hon. member to convey to the municipality and the people of Winnipeg our thanks for the way they handled the games.

AGRICULTURE

ONTARIO—REQUEST FOR SUBSIDY TO CORN PRODUCERS

On the orders of the day:

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, I have a question for the

Minister of Agriculture. I should like to ask whether the government has any plans to subsidize the corn growers of southwestern Ontario who are suffering from a 25 cent to 30 cent per bushel decrease in price this year. This would be a subsidy similar to the one offered the western wheat growers.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I do not believe the analogy drawn by the hon. gentleman is correct. Certainly at the present time there are no plans along the lines he has indicated.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Terence Nugent (Edmonton-Strathcona): Mr. Speaker, I have a question for the right hon. Prime Minister. I wonder whether the Prime Minister can advise the house if he has any plans to cope with the present crisis in the Department of Transport. The crisis I refer to is brought about by the appointment of the hon. member for Trinity as Minister of Transport.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I suggest the crisis is only in my hon. friend's mind.

SHIPBUILDING

PAYMENT OF SUBSIDIES ON FISHING VESSEL CONSTRUCTION

On the orders of the day:

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): Mr. Speaker, I have a question for the Minister of Fisheries. It is one of import and urgency to at least six provinces in Canada. I should like to ask the minister whether the government has established as policy the cessation of building subsidies on fishing vessels.

Hon. H.-J. Robichaud (Minister of Fisheries): No, Mr. Speaker.

Mr. Bower: I have a supplementary question. I should like to ask the minister why then are subsidies not being granted on the building of fishing vessels in Nova Scotia?

Mr. Robichaud: As has been the case in the past, subsidies have been granted as soon as the applications are received and processed. If there have been any delays the hon. member may find out they have not been altogether the fault of the federal Department of Fisheries.

Mr. H. Russell MacEwan (Pictou): I have a supplementary question, Mr. Speaker. May I ask the minister whether the government intends at this time to allocate to each province certain amounts under this plan?

Mr. Robichaud: This is not in the mind of the government, Mr. Speaker.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO REPRESENTATION OF YUKON AND NORTHWEST TERRITORIES

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I ask the Prime Minister whether he has, as he indicated last Monday he would, looked into the question of an invitation being extended to the Yukon and the Northwest Territories to attend the constitutional conference about which he spoke at that time.

Right Hon. L. B. Pearson (Prime Minister): They will be represented, Mr. Speaker.

Mr. Nielsen: I have a supplementary question. Will the representation be from the governments of the Yukon and the Northwest Territories in those jurisdictions or is it contemplated that they will be represented by personnel of the Department of Indian Affairs and Northern Development?

Mr. Pearson: I shall have to look into that particular aspect of the question.

Mr. Speaker: Orders of the day.

BUSINESS OF THE HOUSE

AGREEMENT TO FORGO PRIVATE MEMBERS' HOUR THIS DAY

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, may I rise on a point of order of interest to hon. members.

Mr. Speaker: Order, please. Will the house allow the minister to rise on a point of order although orders of the day have been called?

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Speaker, it has been suggested that in order to give additional time for the debate on housing we might forgo the private members' hour and thus provide an additional hour for this debate today. If that is agreeable to hon. members, the government will agree to it.

Some hon. Members: Agreed.

Supply—Labour

SUPPLY

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

The Chairman: Order. House again in committee of supply, estimates of the Department of Labour for the fiscal year ending March 31, 1968. We are on vote No. 35 dealing with the Central Mortgage and Housing Corporation.

CENTRAL MORTGAGE AND HOUSING CORPORATION

35. To reimburse Central Mortgage and Housing Corporation for expenditures on housing research and community planning, for the amounts of loans for sewage treatment projects forgiven to a province, municipality or municipal sewerage corporation, for contributions made for an urban renewal scheme or pursuant to an urban renewal agreement, for losses resulting from the operation of public housing projects, and for net losses resulting from the sale of mortgages from its portfolio, $25,300,000.

Hon. J. R. Nicholson (Minister of Labour): Mr. Chairman, I take it that we are to move directly to vote 35 of the Department of Labour estimates. This is the only item which deals with estimates of the Central Mortgage and Housing Corporation. I might say, Mr. Chairman, that I welcome heartily the opportunity to discuss these estimates, not simply because of the housing problems which admittedly exist but rather because it affords me an opportunity to present to hon. members a statement concerning some aspects of the housing picture which some statements that were made in the house yesterday and the day before indicate are unknown to them.

I wish to put it on the record at the outset that we do have a serious housing situation in Canada, one which is likely to continue for some years to come. No country can grow as fast as Canada is growing and have a concentration of population in certain urban areas without having housing problems. But I do want to make it perfectly clear that these problems are largely centred in the metropolitan areas in this country, and the record shows that fact quite conclusively. The record speaks for itself. I also want to say that while we do have problems centred in certain specific areas, regardless of what hon. members may say about the housing situation, the situation in these specific areas is not indicative of the housing situation which prevails in the majority of our cities and towns.

Some hon. Members: Oh, oh.

[Mr. MacEachen.]

Mr. Nicholson: I also wish to point out that very little reference has been made to the fact that the housing problems that arise in metropolitan areas such as Toronto, Vancouver and other cities the size of Hamilton and larger arise not so much out of a reduced volume of housing—in fact there has been a very substantial increase in housing—but out of the unprecedented pace of general development and growth in these areas. Much house building has been going on in Canada though not enough to take care of the phenomenal growth that has taken place in Toronto and certain other areas. I also wish to say that notwithstanding the deterrents to house building this year, in 1967 we shall have in excess of 150,000 starts.

• (3:10 p.m.)

Mr. Fulton: That is 50,000 too few.

Mr. Nicholson: If the hon. member is quoting the report of the Economic Council, he has not read it very carefully. It says that 140,000 starts will take care of the new family formations, the other 50,000 being to replace old houses that should disappear.

Mr. Hees: Are they not necessary?

Mr. Nicholson: Of course they are needed, but one must deal with problems like that in accordance with all the circumstances.

Some hon. Members: Oh, oh.

Mr. Nicholson: They must all be taken into consideration.

Some hon. Members: Oh, oh.

Mr. Nicholson: Hon. members may laugh; hon. members may well laugh, but the 150,000 starts represent a very substantial increase over starts in 1966. This year's starts represent an increase of about 15 per cent over those of 1966, and this increase, I might point out, has been largely made possible by the vast infusion of federal funds to support housing, an infusion that has been felt in every province of Canada.

There are those who would deplore our not reaching a much quoted figure which has been referred to of 200,000 housing starts. But the 200,000 housing starts are forecast for 1970.

Mr. Hees: Is it not 190,000?

Mr. Nicholson: It is not 190,000, with all due respect. The figure is 200,000 for 1970.

Mr. Hees: But the Economic Council says that we need 190,000—

Mr. Nicholson: The hon. member can make his speech later. He may then quote from the report.

Some hon. Members: Oh, oh.

Mr. Nicholson: A little closer examination of that report will reveal that this target that I have referred to is four to five years off.

But hon. members must keep in mind that in our society, which is based on freedom of private action, housing, like any other commodity, is subject to economic laws. Temporary setbacks are bound to be endured periodically in the competition which supports private enterprise. But the vital concern is that our long-range objective of 200,000 starts per annum in the early 1970's be attained in the allotted period.

Mr. Grafftey: Did the minister say 1870? His speech sounds like a nineteenth century speech.

Mr. Nicholson: One would think that the figures which have been quoted are those of the Economic Council; in fact, many of these figures are supplied by Central Housing and Mortgage Corporation, and their forecasts are available to everyone.

If we fail to reach the target of 750,000 starts, including the 200,000 replacements over the next few years, certainly, we shall be in a difficult position. I can only say that the government has no intention of letting that happen, and our record will prove just that.

Mr. Woolliams: The government has quite a record.

Mr. Nicholson: At the beginning of this year we were optimistic that there would be some slackening in the financial and other pressures which plagued housing during 1966. Nevertheless, hon. members, I submit, must acknowledge that in the years 1964, 1965 and 1966 we had record housing completions in this country. We had three records. We also had record housing starts in 1964 and 1965.

In the budget presentation of last year the Minister of Finance and other representative spokesmen of the government appealed to municipalities, provincial governments and business generally to level out the program of expansion that was bursting at the seams. This had to be done and it has been done. We are now beginning to catch up, notwithstanding the lag in housing starts last year. To stimulate the swing back to housing, to encourage house building at the level that had gone on during 1964, 1965 and 1966 and which was suspended during the last several months of last year, the government introduced in November last a new formula for the establishment of the maximum interest rate which would be permissible under the National Housing Act. This rate was raised to 7¼ per cent, with provision that there would be automatic adjustments quarterly in accordance with the yield on long-term Canada bonds.

Shortly after changing the interest rate the government moved to release the chartered banks from their previous restriction of a 6 per cent maximum interest rate under the Bank Act, and authorized their participation both in N.H.A. and conventional forms of mortgage lending.

No one can deny, if one studies the figures objectively and fairly, that these incentives not only seemed to help but in fact helped considerably. Bringing the banks back into the picture augurs well for housing in the long run.

It should be obvious to any independent thinker that some time would have to elapse before the banks could fully participate in the program. They were authorized to participate in May, and progress of late has been encouraging. I am sure that the situation is even more encouraging to banks and other lending institutions as a result of the announcement I made last night.

Realizing that it would take some time for the banks to come into the picture and for the pendulum to swing—

Mr. Fulton: Might I ask the minister a question? Could he outline the extent of bank participation since the changes were made in the Bank Act and since the budget? Is that figure available?

Mr. Nicholson: Yes. During the last three or four months the banks have been coming in at a rate of $10 million or so a month. It is increasing gradually. The new interest rate should stimulate lending, and we are encouraged by what is happening. One can hardly expect the banks to put their money into housing when they can put it somewhere else to better advantage. That is one of the reasons for our step of last night.

I might also say that the government, realizing that it would take some time for the measures that we announced last year to permit the banks to really come into the picture, took further steps in January. For the first time in Canadian history a spring speculative

loan program was introduced. This unprecedented move, together with the normal supply of mortgage money and the introduction of the banks into the picture, resulted in an immediate and substantial surge in housing activity in the spring of this year.

By March of 1967 loans under N.H.A. were being processed at a rate four times that of 1966. These loans included not only home ownership loans but very substantial ones for multiple dwellings for rental purposes, primarily in Toronto and other large cities.

Unfortunately, the re-entry of the chartered banks at first fell somewhat short of our expectations, though in fairness I must say that the response has been more encouraging during the last few months. The reason for the lag is not surprising.

While life insurance companies, trust and loan companies historically have directed most of their investment funds to mortgages, the chartered banks in Canada have concentrated their investment and still are, in the more attractive market of consumer loans. These are facts.

Housing, like other forms of real estate, is a particularly inviting investment when the economic cycle has slowed down to an appreciable extent. One can readily confirm that.

Mr. Woolliams: This is the greatest speech I have ever listened to.

Mr. Nicholson: When the economy is in a buoyant state, as it has been for the last three or four years, other fields of enterprise receive the bulk of private support. That support comes not only from the banks but from other private lending institutions.

Mr. Kindt: Mr. Chairman—

• (3:20 p.m.)

Mr. Nicholson: I have a limited amount of time at my disposal. I will be glad to answer questions at the end of my remarks.

The report of the Economic Council to which I have already referred suggests that action should be taken to protect housing from the effects of this anti-cyclical force to which I have referred. When the economy is in a buoyant state, there is relatively little money for housing; when otherwise, there is more, more money goes into housing. The Economic Council in its report refers to this fact but makes no suggestions as to what might be done to alter the situation. I think this should be and is one of their responsibilities. They make no suggestion as to what might be done.

Some hon. Members: Oh, oh.

[Mr. Nicholson.]

Mr. Graffiey: They are not running the country. You are.

Mr. Nicholson: They are I believe, there to make constructive suggestions occasionally, at least. They are a council set up to advise. Not only do they fail to offer suggestions to correct this situation, but there is nothing new in the statement to which I have referred. Any student of economics could have made the same statement. Not only Canada but other nations have been trying to resolve this problem for many years.

It would be possible, I think, if we wanted to have a completely controlled economy—and I doubt that any of the hon. members directly opposite would favour that—for the government to intrude into the field of private enterprise and create special economic controls which would ensure housing support at all times. But since we have a private enterprise economy I suggest we must strike a balance between the need of funds for housing and the need of funds for other purposes, including social welfare measures, as well as moves to keep the private sector of the economy pulling its weight, for that is where most of our tax revenues come from.

No one would seriously suggest that a person with an income of more than $10,000 a year needs a subsidy. Subsidies are not needed for that type of housing, nor are they needed for luxury travel, for the operation of expensive automobiles, for the purchase of television sets and so on. Surely there is a place in a free enterprise economy for operations of this new interest formula. I say that for those who do not need a subsidy, housing should and must compete with other forms of consumer purchasing. This philosophy was reflected in my announcement last evening of an increase in the maximum permissible N.H.A. rate.

Admittedly—and I make no apologies for it—the new maximum rate will be the highest ever established for lending under the act. But it is a rate which this parliament, or rather a previous parliament, introduced into the act to be used in circumstances such as the present. Make no mistake. Anyone with any knowledge of business in this country will agree that the new rate is a most realistic one in view of the prevailing economic conditions. I might say we have been under heavy pressure for the past year to free the rate entirely. Such action would certainly have given new appeal to N.H.A. mortgages but it is an essential purpose of the act to contain the rate within reasonable boundaries in line with economic conditions, and these

conditions now justify the use of the formula which parliament has authorized.

The new formula and the resulting rate, with the additional inducement of the N.H.A. insurance feature, should and I am sure will assure a substantial upswing in the volume of lending just as the move earlier this year got results. What happened last year was that at the end of March the prevailing interest rate dropped. Lenders did not have the possibility of operating under any ceiling. If people in business were getting a rate of 7¼ per cent they knew it would drop to 7 per cent, and it did drop. As a result there was great activity in that field during February and March but when the rate was at the 7 per cent level during early May and June there was no movement to speak of.

It is a question whether we really want housing and will pay the market price for it, or a reasonable price, or whether we go without needed housing. Most of this borrowed money goes into multiple dwellings—apartment blocks—and people who build apartment blocks do not build them just for the pleasure of providing people with accommodation; they do so for profit. They are in business to make a profit. Why should they not pay the same rates as anyone else in business for profit must pay?

I should like to point out, too, that this new formula which is, as I have said, permitted under the act, will allow approved lenders to choose any rate not in excess of the maximum rate that they deem appropriate for the type of housing to be built or having regard to the location of such housing. They will not necessarily fix the maximum rate. In the light of discussions that I have had, discussions not only with builders but with representatives and senior officials of the lending institutions, the banks, mortgage companies and trust companies, I am confident that this new arrangement will create funds for rental projects, multiple dwellings, in the large urban centres where accelerating growth is creating the most urgent need.

Let us see what happened to the money that has gone into housing. I am sure hon. members, and particularly the hon. member for Winnipeg North Centre in the light of his comments last night, will be interested to learn that the expenditure of the federal government in the field of housing in 1967 will be in excess of $900 million, by far the largest disbursement in history, approximately three times what it was when we took office just over four years ago.

Some hon. Members: Hear, hear.

Mr. Nicholson: Actual commitments this year already are well in excess of $750 million and up to the end of August more than $500 million had been allocated in direct loans for home ownership and rental housing. This is double the direct assistance that was made available in 1966 which, incidentally, was a record year.

Unfortunately, the rate of expenditure is one which cannot be continued indefinitely, since the allocation of funds for housing must be considered within the framework of the government's total social obligations, in addition to this $500 milliion for direct housing loans, the government has committed very substantial sums to assist in areas of housing which were neglected when hon. members opposite were responsible for the government of the country—areas which did not exist. We have committed substantial sums to those areas of housing where federal authorities have their greatest responsibilities, namely, housing for low income families, housing for senior citizens and students, and loans and grants for urban renewal.

All these activities, regardless of any economic pressures from outside, require vastly increased government programs. It is in this sector that government housing effort is most justified and it is the government's intention to devote a growing portion of federal aid to these vital social aspects of housing.

The following figures will, I believe, be of interest to all hon. members. Nearly $150 million has already been provided this year for public housing projects throughout the ten provinces. A further $21 million has been made available for the construction of low rental accommodation for senior citizens. Almost $54 million has been allocated for student housing. Municipal programs to eliminate blight and enhance general living conditions have been assisted through urban renewal loans and grants totalling upwards of $55 million, while another $29 million has gone to improving municipal sewage facilities. In this field this year more than $300 million has been allocated to areas of the greatest social need—more than the whole annual program of the party opposite when they were in power, more in nine months of the year than they did in their whole program in a full year, including direct loans, I might say.

Some hon. Members: Hear, hear.

Mr. Nicholson: The amendments to the National Housing Act which were approved by parliament in June, 1964, have encouraged provinces to incorporate their own housing

corporations or agencies. They had not done so previously. They have organized now to co-operate in programs to provide housing for low income families and the elderly. Since the passing of the revisions in 1964, agencies have been or are being formed in eight out of the ten provinces. The same 1964 amendments opened new opportunities for provincial action in the field of public housing as an alternative, at their option, to joint federal-provincial participation. They offer the provinces long-term low interest loans equal to 90 per cent of the cost of the project. Our low rental homes program has enjoyed marked success as witnessed by the fact that in one province at least 90 per cent of the money they invest is being put up by the federal government. In other cases 75 per cent of the funds is put up by the federal government.

• (3:30 p.m.)

As a result of this 1964 legislation—and I think these figures are interesting—16,000 public housing units have been placed under the federal-provincial arrangements and under the 90 per cent loan-assisted program. That is 16,000 units in a little over 30 months, as against 11,700 units in the previous 15 years. It is encouraging that we are making progress at this time and bringing the provinces and municipalities actively into the picture, but it has taken enabling legislation to do so.

In addition to the substantial support being given to the public housing programs, I am anxious to expand substantially the activities of limited dividend housing corporations which were active for the first year or two but which seem to have been quietly forgotten in recent years.

During my visit earlier this year to the ten provinces I emphasized that limited dividend housing corporations can effectively provide, with federal or provincial funds, housing for low income families as well as for elderly persons. I have encouraged the provinces, municipalities and charitable organizations to move into this field. I have also undertaken—and this will be implemented promptly—to make the adjustments in rent levels which are permitted, and as well and perhaps more importantly, in the maximum income qualification. This is because a person cannot get a house financed by a limited dividend corporation if he has an income in excess of $5,000. The provinces, after getting advice from the municipalities if they wish to do so, may recommend the rent level that they think appropriate in a particular case.

[Mr. Nicholson.]

We all know, Mr. Chairman, that there is no easy answer to the complex problem of housing production and to the allied problems that arise from urban renewal and development. This is particularly true in the metropolitan cities of Canada. I refer not just to Toronto or Montreal or Vancouver or Winnipeg but to cities ranging down in size to the city of Hamilton.

Mr. Chairman, the availability of mortgage funds, while it is a very important factor, is only one factor. Even if we had the market for double the quantity of housing next year as well as the ability to build that number —say 300,000—it would require ancillary services far beyond the capacity of our provinces and municipalities to provide, certainly beyond the capacity of the municipalities.

Yes, Mr. Chairman, there are many problems affecting the production of housing that can be resolved only by local or provincial initiative, including the supply of land, zoning, urban planning and building by-laws.

While there is absolutely no question, as I have readily conceded at the outset, that housing is a matter of grave national concern, I must say that in view of our rapidly expanding population the problem is bound to be with us indefinitely in those areas where growth takes place. For example, Toronto; when I first visited Toronto at the end of the first war it had a population of about 600,000 but it is now nearly four times that size and nearly one-third of its population has come from other countries.

The Chairman: Order. I must interrupt the minister to advise him that the time allotted to him has expired.

Some hon. Members: Carry on.

The Chairman: Does the committee give unanimous consent to allow the minister to continue?

Some hon. Members: Agreed.

Mr. Nicholson: I thank hon. members for their co-operation. I will not be much longer because I know hon. gentlemen wish to make their contribution and they may have a few questions to ask.

As I way saying, Mr. Chairman, Toronto is perhaps the best example in Canada of situations such as this, partly because of the unusually high percentage of new Canadians who have moved to that city within a relatively short period of time. This situation

requires that federal, provincial and municipal governments work together in closest cooperation in order to provide the long-range planning which is necessary to supply the services to meet a greatly enlarged housing program.

We all know perfectly well that in Toronto there are no serviced housing lots available at a price much less than $12,000 per lot. We also know that in some of the municipalities surrounding the city of Toronto the problem is that the town councils would like to see more apartment buildings erected within their boundaries, not individual homes. The reason for this is very simple. More schools are required and the municipalities need money to pay the teachers; yet the major tax base is in the city of Toronto. This is true in every large metropolitan area in the country. There must therefore be joint planning and a joint course of action by the three levels of government, federal, provincial and municipal. This is necessary in order to provide for the arterial roads that are needed, serviced lands, schools, churches, shopping facilities and all the other pieces that go to make up our urban fabric.

• (3:40 p.m.)

As I said at the outset, I welcome wholeheartedly this debate because it gives me an opportunity to invite not just criticism—I welcome it and no one should be in public life if he is not prepared to take it; you have to have broad shoulders and take it with a smile—but constructive suggestions from hon. members directed toward a solution of this problem of major national importance. Criticism is relatively easy for partisan politicians, but we want helpful suggestions.

I do not want hon. members to think that this housing problem has not been given a great deal of thought by me and by others. Suggestions have been made by members of the house and representations were made in the first three months of this year while I was visiting the different cities in all parts of Canada that real encouragement would be given to home ownership if the interest portion of mortgage payments, were deductible for income tax purposes. There is nothing new about that. I understand that it was most successful in Germany in the years subsequent to 1948. It has also been suggested to me that speculation in land holdings may be reduced if a capital gains tax or some other technique were used to prevent excessive profits in the disposal of land held for speculation. There are cases where lots were acquired for $1,200 or $1,500 and after sitting there for 10 or 15 years or so are now worth $12,000 or $14,000. Municipalities and provinces are deeply involved in this kind of suggestion, but two of the provinces actually collect income taxes. This type of suggestion deserves very serious consideration but it could not be put into operation without the consent of the provinces.

There are other factors affecting the production and cost of housing which involve the municipalities and provinces in a very real way. It is partly for these reasons that I made a suggestion to the Prime Minister—others may have made it but I know I did some time ago—that some form of federal-provincial discussion take place to enable urban development in Canada to keep pace with requirements in a realistic and practical way. Unfortunately, with three provincial elections going on we are not likely to have this in the next six or eight weeks, I am convinced, however, that such a conference should be held and it should be held this fall if possible. At least it should be held early in the new year if not before the end of this year.

Housing is an area in which all of us regardless of party affiliation share a common concern. Let us have constructive criticism and constructive suggestions during today's debate.

Mr. Chatterton: Mr. Chairman, may I ask a question of the minister? In view of the small amount of usage with regard to the loans for existing housing is the minister considering an increase in the amount?

Mr. Nicholson: It is under constant review. I might say that as yet the applications we have received for loans do not indicate that there should be an increase in the level of the ceiling. They are coming in now at the rate of about 600 or so a month. The average loan is less than $9,000. There are hundreds, literally tens of thousands, of houses in the Atlantic region, Ontario, Quebec and the prairie provinces where home owners can move to advantage at the present level. We are trying to allocate the amount of money available to help the largest number of people rather than limit the number. Until the program has been in force for at least a number of months, I think it would be unwise to change the ceiling. However, this ceiling is constantly under study.

Mr. Scott (Danforth): I believe the minister said that the average amount of the loans is approximately $9,000.

Mr. Nicholson: For older houses, yes

Mr. Scott (Danforth): Yes. Does the minister understand that there are literally thousands and thousands of people buying homes, for example in Toronto, where the amount of the loan required is far in excess of the maximum loan and that therefore it would be nothing but an exercise in futility to make an application. I would be glad to supply the minister with numerous examples. In view of this, why is the government not now prepared to give consideration to this matter and enact legislation to increase the maximum amount? What is the use of a person applying for a $10,000 loan when he needs $14,000 in order to buy a house?

Mr. Nicholson: The answer is simple. We are receiving an increasing number of applications from all parts of Canada. At first when this procedure for loans on existing houses was new people did not know about it, but it is increasing in tempo. That was particularly evident in Winnipeg when I was there discussing housing matters on Monday of this week. I do believe that we should have at least another few months experience before we consider increasing the level.

Mr. Scott (Danforth): If it is working there, good luck to them, but what is the use of making an application in an area like Toronto or Ottawa where the loan requirement is $13,000 or $14,000 and the maximum allowance is $10,000. It is ridiculous. Why are you not prepared to increase the maximum amount to $15,000 or $16,000 and see what happens, thereby giving the people in the cities a chance to get in on this legislation?

An hon. Member: No answer as usual.

Mr. Sherman: The other day, in relation to his capacity as Minister of Labour, the minister spoke of task forces and anticipatory forces being set up under his direction to probe developing situations on the labour front and to anticipate problems which might appear on the labour front so that there could be planning to meet these problems. I think that statement was enthusiastically received by people all across Canada. My question to the minister at this point simply is, are a similar approach and attitude being brought to bear on this other area of his capacity so that in the future the recurring chronic crises in housing can perhaps be planned for, anticipated and headed off?

Mr. Nicholson: There is considerable merit in that suggestion. This is not the first time it has been made, but it certainly is a meritorious one. I have given very serious thought to recommending that either a committee of this house or of the two houses of parliament study this matter so that their views can be placed before the federal-provincial conference when it is held.

Mr. Keays: Mr. Chairman, for the first time in this house we have seen a minister who is responsible for the Central Mortgage and Housing Corporation act in a belligerent way—

Some hon. Members: Oh, oh.

Mr. Keays: —in addressing the house. I did not believe the minister had the capability of doing so. I can only say that it must be a camouflage to draw the attention of the Canadian people away from the real crisis in this country in the domain of housing. The minister has endeavoured to go back over the years and refer to the records of previous governments, fully realizing that Canada is a young and growing nation and that the forecast of the experts was that more family units would be formed in the years 1966 to 1970. He goes back to statistics in order to prove that with a population of 20 million the same principle can be applied that applied to a population of 15 million or 16 million.

• (3:50 p.m.)

This is an exercise in futility, Mr. Chairman, which will not answer or solve the serious problem now facing the Canadian nation. There is a serious crisis in Canada and it will not be solved by merely repeating statistics. We must be more realistic and get down to basic thinking. This government has never done that. It seems to be more interested in political expediency than in anything else, and it refuses to stand up and admit to the Canadian people that the position it adopted and followed over a period of three years is one which is now causing the deep concern that all Canadians have today.

The minister knew of the projected estimates and the estimated housing requirements and he has taken action at a snail's pace. By referring to the government's record of ten years ago he has hoped to camouflage the inefficiency of his administration in so far as Central Mortgage and Housing Corporation is concerned. We do not have to go back very far to see the true picture. Statistics from the *Canadian Housing Review* show that housing starts declined

from an annual rate of 151,000 units last July to 146,000 in August. The house construction industry is normally very active in the summer months, and when we note that in the middle of the summer there is a decline in housing starts we can be sure we are in for a serious disappointment in the fall of the year.

N.H.A. activity in respect of approved loans remained relatively low in August with loan applications in the amount of 877 units. This was 5.1 per cent below the year before in respect of seasonal adjustments. This represents an annual rate of about 10,500 units. With a situation like this in a young, growing country such as ours with so many new families we can expect a disastrous 1968.

The announcement made by the minister last night about the increase in the interest rate was no great surprise to prospective home owners and potential investors. The home owner has come to know this government as one that operates with patch-up legislation, interim measures, ill-conceived, unsuitable and not very well thought out policies for the Canadian people. It is obvious that this announcement was not surprising to potential home owners in view of the criticism which has been levelled at the government over the past few years by those who have aspired to the ownership of shelters. This criticism has been so intensive the government has been forced finally to throw out the challenge to those who supply the source of funds by allowing this fantastic increase in the interest rates.

It is not surprising that the government had to delve deep into the old practices to find justification for increasing the rate to 1 per cent above that which was suggested by the minister some six months ago. The shortage of homes in Canada is reaching such an alarming proportion we are witnessing in our large centres and rural areas great stress and mental suffering on the part of prospective home owners. This is the result of the turmoil into which these people have been thrown by the actions of the government.

Let me refer to a statement made by the minister on April 10, 1967, as recorded at page 14704 of *Hansard*. In answer to a question that day the Minister of Labour said:

> There is no fixed date. It is in line with the return, the long-term yield on government bonds and, as already forecast, it has dropped to 7 per cent. It is the government's hope that there will be a further drop before long under the formula announced last December.

What a formula that was, Mr. Chairman. It resulted in an increase from 7 per cent to 8¼ per cent in the interest rate charged to those who make loans to purchase shelters in which they may raise their families. The announcement yesterday was not unexpected by the suppliers of funds. They knew that the government's policy was short term and they were convinced that soon they would receive an increased return on their investment far out of proportion to the return they could receive from government bonds or securities.

Recently the Minister of Finance, recognizing the inflationary trend, urged restraint on the part of business, labour and provincial governments while at the same time increasing federal government spending. This is the old squeeze that only has the effect of increasing the cost of production to the consumer at a time of spiralling costs and excessive salary increases. This can have no other effect than additional costs causing strain and suffering for those who only a few years ago thought their reserves were sufficient to meet the costs of the projects which they had planned so well.

There has been government apathy in so far as this problem is concerned. As long ago as December of last year the president of the Central Mortgage and Housing Corporation stated that we needed 170,000 starts in 1967. He said there would be an acute shortage of housing and that we required a total production of 750,000 units in the next four years. What has the government done about this?

• (4:00 p.m.)

Has the government heeded the warning that was given to them? They have done nothing whatsoever. The only thing they have done is to have the minister go across the country holding seminars and telling the provincial and municipal governments that they too have a responsibility with regard to housing. But the fiscal measures of this government have not allowed the provincial governments sufficient funds with which to fulfil their obligations.

We heard the minister today trying to justify the position his government has taken. He seemed cornered and had to rely upon statistics to prove that there was an increase in house construction. If we cannot look forward from year to year to increases in housing demands, increases in population, etc., it is time we turned the government of this country over to a party that is able to foresee the future.

I agree with the minister when he says that housing is also a provincial and a municipal responsibility. I can only say, however, that

in this field which is concerned with the national welfare of our citizens the national government has a solemn duty to take the initiative and bring together those bodies which are provincial creations and are concerned with this matter. Unfortunately the minister's message has not come through. This problem has not been caused because the provincial governments have been indifferent to it. It has been caused, rather, through the fiscal policies of the government which have made it impossible for the provinces to fulfil their obligations in the field of housing and in many other sectors of the economy.

We may argue the pros and cons of the minister's statement, but it remains crystal clear that the government has refused not only in the last few months but in the last few years to look forward and plan fiscal policies to meet changing conditions. Statements have been made by those on the government benches that the government is going to reconsider its position and make funds available on a priority basis. This is a futile intention on the part of the government because priority in each department of government has a different meaning. For reasons of political expediency every member on the government front benches finds a reason why his program should not be changed.

If the government had really intended to cut back on government expenditures it would have postponed some of those projects which are not intended to be productive. The end result, however, is that the government is short of funds in important sectors of the economy such as housing and the people of Canada have to suffer the consequences.

What is the nature of the housing problem? Is it predominantly of a social character? I say it is, because it touches the very life of the family. The problem in this field is causing undue hardship to many of our wage earners. The problem is constantly with us because we are a growing nation. It has often been said in the house that by the end of the 1960's housing starts and completions would have to be at an annual rate of 200,000 units. Added to this figure, of course, are replacement demands amounting to approximately 50,000 units per year.

We can see, therefore, that we have an important goal to attain. The minister in his statement of last year had every confidence that the measures he was proposing would meet this demand. Unfortunately, the experience of the last few months has proven that the figure of houses completed has dropped away below expectations and housing starts have dropped by an alarming degree. The prospects of attaining our goal are dim indeed.

When we look at the record of the government in the field of housing we find they have been an accomplice in those factors which have increased the cost of housing and land by approximately 35 per cent within the last four years. Adding to the cost of housing is the 11 per cent sales tax on building materials. This tax has been constantly opposed by my party. Adding to the cost of housing is the higher cost of labour because of, as I mentioned earlier, urgent demands for increases in salaries to meet the higher cost of living. Also adding to this problem is the short-term policy of the government which allowed land speculation to be abnormal.

Another factor in this problem is the cost of building materials which has risen beyond any normal increase because of inflationary pressures and the high cost of production. In this respect we have a government that is continually endeavouring to drive a corkscrew deeper and deeper into the festering social fibre of the family.

It is true that the new rate announced by the minister will not affect the interest rates on loans for public housing projects for families of low income, housing for older persons, student housing, urban renewal and sewage treatment projects. However, when we consider the effects the increase in the interest rate will have we immediately see that we have eliminated from the market all those with incomes ranging from $4,000 to $8,000. The people in this wage bracket represent a large majority of the wage earners of Canada.

I have every sympathy with those who have to live in public housing projects. It is the duty of government to help those who have not the necessary resources for the maintenance of their families, to intercede and give comfort to those families. This government is not preoccupied at the moment, and should not be, with those who want a $50,000 house, because funds are available right across the country for those who need such houses.

But I ask the government to think of those families whose income is between $4,000 and $8,000. These families will never again be able to own a house in Canada. The government has eliminated the majority of wage earners in this country from owning a home. Any government that does this has failed in

its responsibility to provide good administration. If a worker has an income of $8,000 a year he will not be able now to buy a house costing $15,000 or $18,000. Add to the payments of capital and interest those for school and municipal taxes, add income taxes, both federal and provincial, add the cost of maintenance of the house, and you will find that families with an income of $7,000 or $8,000 a year will become indigent and will have to come to the government of this country asking for help in an effort to subsist.

• (4:10 p.m.)

This is a sad state of affairs. When you deprive wage earners in the $4,000 to $8,000 bracket of the possibility of ever owning a house, you are doing the greatest injustice that has ever been done by any government to any people in any land. I hope the government's policy with regard to low income wage earners will be continued so that we will give to them all those facilities to which they are entitled, but I also ask that the middle income group be given the same facilities to which all Canadians are entitled.

The minister is well aware of the fact that in view of the present costs it is practically impossible even to consider the construction of a home costing less than $15,000. The repayment of principal and interest plus the annual taxes calculated on a monthly basis must not exceed 27 per cent of the gross annual income, so it can be stated that a person earning $6,000 a year cannot qualify for a loan because after his monthly payments are made the balance left puts him into the category of a low income earner. It can therefore be said that no one earning under $8,000 a year can qualify for a loan under the policy laid down by the government. This is a serious state of affairs because, as I have mentioned previously, we have deprived the majority of the Canadian people of the possibility of owning a home and this strikes at the very heart of our social structure in Canada.

It is all very well to criticize the government for policies which do not seem to meet the views of another party, but I believe it is also our responsibility to be able to suggest what must be done to meet the crisis and alleviate the problem. First and foremost we must consider the necessity of conducting research into housing and its problems in so far as the cost and quality of housing are concerned. We note that housing has been an industry where such research has been lacking, and it is the government's responsibility to order intensive research in this domain.

Research is mandatory in regard to urban development more than in other areas because our cities are younger, more spread out and flexible than cities in the order parts of Europe and the conglomerations in the United States. It is important that more intensive research be carried out into urban renewal and recreational facilities for those living in these areas. A more drastic drive must be made in order to encourage private enterprise to make funds available to meet the demands on the financial market. It seems strange to me that our Canadian financial institutions cannot meet the challenge extended to them, because the security on housing loans afforded them by the government is greater and more lucrative than on investments that can be made in corporations. I am not stating that they should keep away from corporate investments, but surely they would be encouraged to invest an important part of their portfolio in housing in Canada.

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

Mr. Keays: I will permit one as soon as I am through.

I was rather amused at the minister's statement in which he encouraged investors to lend money at a rate below the ceiling which has just been authorized. I would hate to believe that the refusal by private enterprise to invest money is caused by the feeling of insecurity which these people have with regard to the government. Therefore it is very important that the government give heed to these fears and assure the financial community of our country that it intends to establish strict fiscal policies and put our economy on a stable and projected long-term base. Urban development is not encouraged. Long delays in servicing land, the extravagant standards which are demanded and the complexity of municipal laws and regulations all add to the cost of housing projects and cause a lack of interest among project builders.

Surely we should have thought of devising new ways of raising money for housing. It would seem to me that the issuance of debentures, guaranteed by the government, by Central Mortgage and Housing Corporation could create interest among people with small savings and encourage them to put their money in these secured investments which would provide a rate of interest comparable with that on government bonds or good corporate investments. Had this plan been adopted some years ago we would have had enough cash

inflow to meet the financial demands of the day.

I could go on for a long time exposing the housing problems of Canada. However, I do hope above all that the government will reassure the financial community of this country that it is serious in trying to curtail expenditures which are not productive and that it will give to the average taxpayer of this country the incentive to invest his savings in housing for the good of all Canadians.

Mr. Nicholson: Mr. Chairman, the hon. member was good enough to say that he would permit a question. I wish to ask him one in connection with one of the statements he made. He spoke about the fact that the new interest rate would adversely affect people in the low income range. Does he know that from among those who have borrowed in excess of $500 million this year more than half the borrowers have incomes between $4,000 and $7,000 a year?

Mr. Keays: Mr. Chairman, I do not intend to dispute that fact in any way but I think every member of the house and every Canadian knows quite well about the 8¼ per cent interest rate on loans, and if these people are in the $4,000 to $7,000 bracket they will never be able to meet their responsibilities.

Mr. Scott (Danforth): Mr. Chairman, in speaking on behalf of the New Democratic party perhaps I could start by making a few comments on the minister's speech. Over the years the minister has treated us to some rather interesting statements in trying to defend that which is indefensible. But his speech today certainly took the cake. If you boil it down to one or two sentences, the minister is trying to tell us that there is no shortage of housing. We have too many people in Canada and the housing shortage is really some rumour spread by all the people who cannot buy homes. That appears to be his attitude.

• (4:20 p.m.)

He has accused us of being partisan on this issue. Everybody knows that we are not partisan in this house.

Some hon. Members: Oh, oh.

Mr. Scott (Danforth): We never take partisan positions in the opposition. We are here only to make solid, sound, constructive proposals and to speak on behalf of the people. As I say, we never take partisan positions.

[Mr. Keays.]

The government's attitude on housing is reflected by the fact that to get at the housing problem we had to wait for the estimates of the Department of Labour to be discussed. That, I think, epitomizes the attitude of this government. At Ottawa housing has never been accepted as a prime responsibility. It has been kicked from one minister to another over the years. The Minister of Labour has been so busy settling strikes and other things that he has never had a chance to direct his attention to the problems of the housing industry of this country.

I wish to say two things mainly about the increase in the interest rate to 8¼ per cent. First, I think the public should be made aware of what the increase means to them. The normal purchaser buying an N.H.A. house with a $15,000 mortgage will repay on that $15,000 over 35 years $46,725. If the $15,000 mortgage runs only for 30 years he will repay $40,050. That is a pretty drastic critique of the new Liberal politics we were led to expect.

Equally important, it must be pointed out that no matter how much money is put into mortgages under N.H.A., homes will be built that the vast majority of Canadians cannot afford to buy in any event. We should stop hoodwinking the public that by coming into the house and mouthing statistics about the amount of money going into mortgages the government is in any way beginning to attack the housing shortage. It is not. We are misleading the public, and the sooner we stop doing that and face the facts the sooner we shall get down to serious discussion.

In a way I wish I could dislike the minister. It is always easier to go after somebody you do not like. But the minister is a likeable person. When he first got his portfolio many of us hoped he would make a serious attack on the housing shortage of this country. We gave him several years relatively free from criticism in the hope that progress could be made. But after all is said and done, what has happened is that the new lieutenant governor of British Columbia is shortly to leave us, leaving behind this mess that we have inherited. So for as I am concerned, his greatest contribution to the housing crisis would have been had he remained postmaster general.

A prominent political figure in Ontario discussed the new interest rate on the radio yesterday. He said that it was an absolutely frightening figure—and he happens to be the Liberal leader in the province of Ontario. That was his method of endorsing the new interest rate that is to come into effect.

The minister asked us to do two things, to be critical and to try in some small measure to be constructive. Of course, as good members of the opposition we are always interested in being constructive. The real problem in housing today in Canada as I see it is that no level of government will be honest enough with the public to admit that a housing crisis exists, though it is apparent everywhere. You cannot travel throughout this country without seeing the critical situation of housing. In my opinion it is the most urgent social problem we are faced with. The shortage is not confined to places like Toronto; it is present in rural areas and in small towns. It is a problem which exists across this country from one ocean to the other. For the minister, therefore, to get up and suggest to us who represent the various areas of this country that there is no problem is fatuous. His whole speech was an exercise in fatuous frolicking. It did not come to grips with the problem.

I wish that for once the government of this country would say: There is a problem and we are prepared to co-operate to try to solve it. Instead, every time that we raise the matter the minister gets up with a whole batch of statistics to floor us with his rhetoric and say, "There is no problem. It is a kind of isolated thing which, if we close our eyes, may some day go away." That is all he told us today. We simply will not solve the housing crisis in this country unless this government and other governments are prepared to say: We admit there is a problem.

We are not saying that the federal government is wholly to blame. This problem has arisen since the second world war and it is a product of the inattention, lassitude and apathy not just of the federal government but of all the provincial governments and municipal authorities. Everyone must share the blame. But for heaven's sake let us admit that it exists and try to get down to constructive action. Let us try to assess the problem and deal with it. If the government would only do that we should be on our way to some sort of solution. Instead, the minister persists in his fatuous position that there is no problem and that there is only isolated difficulty here and there which can be dealt with by unloading a lot of mortgage money.

The minister talked about private enterprise and said that it could solve the problem. I am not criticizing private enterprise. It goes where the money is. That is its job. But in no country of the world has private enterprise solved the housing problem of the majority of the people.

Some hon. Members: Hear, hear.

Mr. Scott (Danforth): I do not say that self-righteously. I do not even criticize. It is engaged in business and it goes where the most money is. It has not solved the housing crisis anywhere else and it will not solve it in Canada, despite what the minister says.

My third point is that the minister must stop running around the country hiding behind the British North America Act. The position he constantly takes is: We can do nothing because under the constitution housing is under the authority of the provinces. That attitude is disastrous. Housing is of national concern, no matter under whose jurisdiction it lies. The people in the provincial governments are eager to co-operate with the federal government. They are looking for help, leadership and co-operation. They are not worried about the B.N.A. Act; they are worried about their people.

For the minister constantly to scurry behind the B.N.A. Act every time we talk about housing is reprehensible and unforgiveable. Ottawa must begin to accept responsibility. Until it does we can have debates for 30 or 40 hours, we can take days in talking, but unless we are prepared in this chamber to accept responsibility for housing as a matter of national concern, no solution is in sight.

I hope the minister is not expecting a lot of solutions this afternoon. I suggest that no single person in this chamber this afternoon can give a blueprint to solve the housing problem. Let us admit to the public that it is a deep-rooted, far-ranging, difficult problem and that at this stage we do not know the precise answer. But let us say that we will accept responsibility and that we will start to do something concrete. That is what the public wants to hear and not a lot of ridiculous statements about mortgage money and how it will cure a problem which does not exist. Let us tell the public the truth for a change. That would go a long way toward getting co-operation.

We have many problems in the field of housing. I have studied that field since coming to Ottawa and its magnitude and complexity are overwhelming. We are not a unitary government; we must work with the provinces and municipalities. We have the most outdated building codes known to mankind. A whole host of problems must be resolved.

• (4:30 p.m.)

Another thing for which we have been asking, though I know our request has fallen on deaf ears, is a ministry of housing and urban affairs staffed by a full-time minister. How in heaven's name can you expect a man to tackle the greatest social problem that we have when he is constantly beset with the problems of labour? Perhaps he does do a good job in that field. I do not know and there are other opinions, but certainly the minister cannot perform both tasks.

What is the use of educating our children and spending billions of dollars to that end if they and other people of Canada are not adequately housed? There is no possible way of solving the problem except by the appointment of a minister of housing and urban affairs. I say this because the greatest problem that we are going to face in the next 20 years is what I call the urbanization of Canada. We are becoming a country of city dwellers. Before very long 80 to 85 per cent of our people will live in cities or in great metropolitan areas. I see the minister nodding his head in agreement.

The housing crisis is an obvious one, Mr. Chairman, because it is the first problem that epitomizes the dilemma of urbanization. But it is only the first problem. Other enormous problems loom ahead such as sewage disposal, water pollution and transportation, as well as cultural problems. The difficulties that lie ahead are fantastic and housing is but the first problem we run into. We have not solved it yet; indeed, we have not even got down to the business of solving it.

Three years ago I made a speech on housing in the course of which I analysed in great detail the housing question and recounted some of the short-term and long-term measures. At that time I pleaded with the minister to appoint a royal commission on urbanization which could travel across the country and find out what our needs are going to be, what type of housing will be required, where it will be built and what type of financing will be necessary. I asked the minister to set up a royal commission so as to provide a blueprint for the next 20 years.

We are fighting in the dark, Mr. Chairman. We do not have the statistical background which is required to analyse the whole broad spectrum of urbanization in this country. Nothing has been done in this regard, of course, because none of us really expected it to take place. If the minister had foreseen this event we would be in a position today to decide what kind of problem we face and to put forward possible solutions. Instead we are wallowing around with the crisis becoming worse every day and the actions of the federal government becoming less every day, in spite of what the minister says.

My remarks being of a general nature, I also want to remind the minister of this facet. Three years ago I pleaded with the minister to get away from the C.M.H.C. boys, to travel across the country instead of letting them surround him with their phony statistics which they use to buttress their entrenched position. I suggested that if the minister did this he would be in a better position to analyse the problem. At that time I told him I envied him. When he became Minister of Labour and part time minister of housing I said he would have the chance to change the face of this country. That would have been his mark, I suppose, certainly his memorial. However, this did not happen, and we on this side of the house are very disappointed in the minister, likeable though he may be. The minister has not been a successful minister in the field of housing.

There are many other things one could say, Mr. Chairman. For example, the minister quoted from the report of the Economic Council. For years we were told that when we talked about housing we were indulging in a lot of partisan politics, that we were just taking advantage of the situation. I do not know how the government can say that now. The report vindicates the position that all parties in the opposition have taken over the years. The report tears to shreds the housing program of the government. It shows it to be nothing less than inadequate, shortsighted, lacking in planning, lacking in financing—in short, lacking everything that is required for a proper housing program. The report of the Economic Council is not the product of partisan politics. It carries the weight of the most responsible group in Canada which we in this chamber created. It makes clear that there is no housing program at Ottawa at all.

The minister also talked about mortgages. For years we have asked both him and the government to create some sort of regular source of mortgage funds. One of the problems of my builder clients is that they never know whom to approach for funds. In Canada mortgage money has been turned on and off like a tap in order to meet economic needs. The Economic Council points out that housing has been treated as a pump primer and it is severely critical of this fact. When things look bad a billion dollars of mortgage

money is thrown into the market; when the economy is good the flow is cut off and the building industry is ruined.

This sort of situation has been perpetuated over the years. Clients of mine have gone bankrupt because, having started projects with the promise that they would get the money, Ottawa has then turned off the tap and the projects have had to be abandoned. Therefore I suggest that the government has never treated the supply of mortgage money as a permanent need because it has never accepted housing as a proper social requirement. This is another criticism that has been made over the years.

The problem that the minister tried to solve a year or two ago has not been resolved. There is now no adequate machinery for consultation among the provinces, the municipalities and the federal government. Without it there is absolutely no hope of ever solving the housing crisis.

Most of the points which will be developed in detail will be handled by other members of our party as the debate proceeds, but in closing I want to reiterate what I said earlier. Like the minister, all of us are concerned about this problem. All of us are wrestling with it, looking for a solution. But there can be no solution until the government in Ottawa declares, first of all, that there is a crisis, second, that it is prepared to grapple with it and, third, that it is prepared to begin working the problem out by setting up a ministry devoted to housing needs and nothing else.

Even if the government took this step, Mr. Chairman, I do not think there would be any quick solution. There are inadequacies everywhere. The minister talks of 16,000 public housing units; Toronto alone is short of 25,000. Only 3 per cent of our housing production is devoted to public housing needs as against 12 to 25 per cent in most other developing countries. So we are a long way behind even in this regard.

Neither is there a program to meet the needs of the old age pensioners. In my constituency old age pensioners cannot rent homes if they have only their old age pension because they do not have sufficient funds to pay the rent. They would need to supplement their income. I suggest that most young people in the country today who are getting married will never own a home as long as they live. This is a pretty serious situation for our country.

Mr. Ryan: That is a pretty wild statement.

Mr. Scott (Danforth): My hon. friend from Spadina interjects. I hope he will make a speech and give us the benefit of his remarks. The hon. member says that is a wild statement.

Mr. Ryan: I should like to ask the hon. member how he is so positive that the province of Ontario is so eager to co-operate. How does he know that?

Mr. Scott (Danforth): Because, Mr. Chairman, I have done what this government has not done; I have talked to the officials in Ontario.

Mr. Nicholson: Would the hon. member permit another question? Does he know of a single application for a public housing loan which has come to Ottawa in the last few years that has not been dealt with very promptly?

• (4:40 p.m.)

Mr. Scott (Danforth): That is not the point. My criticism is that members of the government sit in their seats and wait for people to come to them. Where is the leadership? Parliament passes a law—and we in this chamber were glad to pass it—and then hon. gentlemen opposite sit on their "fannies" and do nothing to see that it is carried out. That is the big problem. The hon. gentleman and his friends should get out and sell this legislation to the public. This is what they are not doing, and this is why public housing in this country is a joke. It is failing because the government declines to go out and sell its own program. I recognize that the minister does not have the time to do all this. He is a part time minister, and we regret that. There are plenty of teeth in the National Housing Act if it is properly used, but at the present time it is not being promoted properly.

I wish we could all accept the fact of the housing crisis. We are not talking about statistics but about people who are suffering. They are not rows of figures such as the minister reads into the pages of *Hansard*. They are citizens of this country and they deserve better treatment than they have been getting at the hands of the government.

If we do not begin to make a serious attack on the housing problems of our growing cities, future parliaments will curse us. We have the affluence, we have the facts, if we could assemble them, we have the knowledge, we have the technical skills that are required, we have the manpower. All that is needed is the will. If we had the will we could solve Canada's housing crisis.

[*Translation*]

Mr. Laprise: Mr. Chairman, while we are dealing with the estimates relating to the National Housing Act, I should like to make a few remarks to the minister responsible for the application of the act and denounce the decision of the government to increase the rate of interest to 8¼ per cent of which the minister advised the house yesterday. That rate applies to housing construction and, of course, low-price housing will suffer most from it.

The minister knows full well that housing needs are high in Canada and that they are felt almost exclusively by those who have little or no income: the destitute, the poor, the economically weak as some like to call them. It is therefore especially at that level that the housing problem exists today. Almost every day we read in our newspapers of protests made by building contractors or housing organizations, of provinces, in short, the whole country, against the attitude of the government towards housing generally.

Those people complain mostly about the lack of funds made available for housing projects, because of the increased demand for homes due to the greater number of weddings in Canada. We shall return to that subject later on, because statistics have been submitted to us to that effect.

Therefore, Mr. Chairman, the recent government decision to raise the rate of interest to 8¼ per cent will further prevent people from owning their own homes. The previous speaker mentioned some calculations that have been made, and I should also like to deal with the effect of that increase and comment on its results.

That increase to 8¼ per cent for a $15,000 loan over a 15 year period will cost $31,059.30 in interest only, or a total of over $46,000 for a house after 35 years. Mr. Chairman, that means that whoever wants to own a home will have to pay twice to the financier who is profiting from this legislation. We, of the Ralliement créditiste are opposed to this state of affairs and will fight it.

A while ago, towards the end of his speech, the minister asked us for suggestions. Yet he has had some coming from all parts of the country, from representatives of building associations as well as from representatives of homeowners associations. My suggestion to the minister this afternoon is to regulate the situation. It is known, for instance, that a man who marries at 30 or 35 years of age —possibly earlier—waits a few years before buying a home then he buys a $15,000 home on a 35-year plan and when his house is paid up, he will be aged 65 or 70. By that time, after 35 years, if he has made no repairs on his house, it will be a slum, it will be obsolete and possibly unfit for occupation. The financial trick is apparent. Through the National Housing Act of 1954, financiers lend money to build such houses. They have no repairs or maintenance to handle, they are taking no risk because of the government guarantee on the one hand and, on the other, there is insurance against fire or loss. So, they will pocket $31,059 without any risk on the construction of a home, a $15,000 house.

[Mr. Scott (Danforth).]

• (4:50 p.m.)

That is a source of inflation and makes it impossible for most Canadian families to own their own home. When one is a homeowner, one pays rent throughout one's life and, in the end, one realizes that the title is on a worthless house.

The real owners of our residential buildings are the financiers. We bear the financiers no grudge as such, but we want our Canadian families to really own their homes. We want it to be possible for them to have a home of their own, without having to pay the financiers for two other houses.

Mr. Chairman, we are asking the government, the minister responsible for the National Housing Act to use the Bank of Canada to make credit available so that loans can be made available and this credit should be put in circulation without cost except administration.

Every time a new house is built, the credit for the amount it has cost should be put into circulation, free from interest and should not be considered as a debt. And every time a house is destroyed, whether because it is falling to pieces with age or otherwise, the same amount could be withdrawn from circulation, thus avoiding inflationary risks. In my opinion, it is the only way for the minister and the government to settle the housing problem in Canada. I cannot see any other way out. Nobody, so far, has ever suggested any plan or offered any valid answer to this problem except that of using the Bank of Canada, an institution which belongs to us, Canadians, and which ought to lend its services to Canadians who need a house and are entitled thereto.

This is my suggestion to the minister. If he can prove it does not make any sense, I am ready to change my mind, provided he gives

me time to examine his own suggestions beforehand.

On May 27, 1966, the Minister of Labour (Mr. Nicholson), in answer to a question from the member for Villeneuve (Mr. Caouette), said:

> To date only those who could not meet the basic credit requirements essential to become a home owner were refused mortgage loans.

Loans are refused to persons who are not solvent. But why are they not? Because they are for some time deprived of the fruit of their labour, through income tax and taxes of all kinds. Thus, they are deprived of all possibility of saving a few dollars, and when they ask for a loan, after having been fleeced by all sorts of means, they are told: You are not solvent, you cannot be given a loan. And that, after the government itself has taken everything they possess or what they could have saved to buy a house.

Mr. Chairman, it is against such things that we protest. We feel that every Canadian citizen, every Canadian family should have a home and really own it.

Today, a solution is being put forward. Low-rent housing will be built for low-income people. Last fall, I visited a housing project sponsored by the national association of housing contractors under the auspices of the Central Mortgage and Housing Corporation. In that research project called Mark IV efforts were made to find a way to build houses at the lowest cost possible. Government officials, economists, sociologists are racking their brains to find ways to lower the construction cost. What did we manage to do with that research project Mark IV? We simply managed to build a squalid house.

And when Central Mortgage and Housing Corporation or any other agency makes plans to build low-cost houses for low-income people, they will only come out with squalid houses, at the present time, because the cost of materials has become exorbitant due to all kinds of taxes.

I say to the minister that if he wants more houses, increased housing, if he wants even more demand, he should start by an immediate removal of the tax on building materials and the thousands of taxes of all kinds which enter into the cost of materials and which the buyers are not aware of. For instance, and this is a specific case—it may not be a federal but provincial tax which they have to charge simply because the federal government has too many taxes of other kinds and the provincial government must step in somehow to get funds—the Abitibi area, where I live, produces lumber for building purposes. However, this lumber is not used in Abitibi only, it is shipped to larger centres, such as Montreal and Toronto. So, to truck about 20,000 f.b.m. of lumber from Rouyn to Montreal, 200 gallons of diesel oil are required; with the 22 cents tax per gallon, this amounts to $44 for each return trip between Rouyn and Montreal.

So, for each truckload from Rouyn to Montreal, lumber cost is direclty increased by $44 in Montreal, due to this diesel oil tax.

Cost of building materials of all types is thus increased through hidden taxes that are felt but not seen, so that such materials have now become almost a luxury, an almost impossible buy. A house which cost $14,500, less than five years ago, is now retailed at $22,000, always using the same materials. This is only as far as cost is concerned.

And now the minister tells us that the interest rate has gone up. So, you can realize how acute the housing problem is in Canada.

We are told that in 1961, about 30 per cent of Canada's workers, numbering at the time 6½ million, did not earn enough to pay income tax. They would certainly be unable to pay for decent housing, at today's prices and high interest rates.

These Canadian workers who do not pay income tax must spend too high a proportion of their earnings if they want to live in a fairly decent home; thus, the amount of money needed for food, clothing and other basic needs for a decent standard of living is inadequate, because they spend it on housing. The housing shortage is one of the reasons for high rents, and this has been repeated many times, specially more recently. And restricting loans, through credits or increased loan interest rates, contributes to the impoverishment of our workers, our senior citizens, our invalids, our unemployed, in short all those with fixed or modest income.

While some ministers say they are undertaking to fight poverty and want, others persist in making people poor. One would think they are fighting the poor rather than poverty.

The housing problem is even more desperate for large families. In 1961, there were more than 60,000 families living in houses that did not contain half the number of necessary rooms. The efforts made by the governments using the National Housing Act that provides low-rent housing for families earning a small

income and for the aged have almost been a failure.

• (5:00 p.m.)

In Toronto, the Social Planning Metropolitan Council has made it known that we had missed by 56 per cent the goal set for a five-year period ending in 1963. Only 2,500 new housing units for the aged have been built in the Toronto metropolitan area. Still fewer low rental family units have been built. An objective of 5,000 units had been set, but only 352 were built, that is 7 per cent of the objective.

In Montreal, the situation is even worse. Thousands of houses are shared by two families and many other families with four or five children or even more live in two rooms.

The director of the Montreal board of social services, Mr. Pierre Laplante, has accurately described the conditions at the end of May 1966 at a meeting attended by civil and religious authorities. The newspaper *Le Devoir* of June 1 also referred to them.

I am now quoting *Le Devoir* of June 1966:

Mr. Laplante complained that hundreds of houses have been demolished in blighted areas with the help a wide publicity campaign, but that nothing had been built afterwards . . . neither the new C.B.C. building nor low rental housing units. He explained that the families thus expelled from their decrepit homes had to seek refuge in other homes just as decrepit. "In the last few years, he stated, a great many homes have been demolished, it is true, but for the purpose of building skyscrapers and apartment buildings for millionaires. Now, the lots cleared of their unsanitary dwellings are becoming residential districts for rich people and, as a result, the poor must find shelter elsewhere."

Mr. Laplante added that downtown Montreal is the most densely populated area in North America (11,000 inhabitants per square mile) or 88,000 families whose average annual income barely exceeds $3,000.

Mr. Chairman, could the head of a family then seriously consider owning a home when he barely earns $3,000 and he would have to meet monthly instalments of $140 or $150, without including the cost of maintenance? It is unthinkable.

And now, back to the article:

Almost 70 per cent of those families live in extremely difficult circumstances, if not in the most abject poverty. "The children, he said, wear hand-me-downs from their grandfathers and green expanses are practically non-existent. Just open the front door and you are on the pavement."

And Mr. Laplante added: "In this narrow strip of land, lives a strata of the population that never sees the sun."

Well then, Mr. Speaker, the situation which prevailed in Montreal in 1966 is very much the same to-day and perhaps even worse since I believe that because of Expo, house-building may have slackened.

[Mr. Laprise.]

Mr. Chairman, in the face of such a situation and in view of the need for new houses, I feel that instead of increasing interest rates, the minister should give some thought to cutting it down so as to allow more Canadian families to have decent houses built, in order to give them a sense of ownership rather than the feeling they are just tenants at the service of financial interests.

The fourth annual report of the Economic Council of Canada states very clearly our housing requirements until 1970; according to that report, there should be at least 200,000 housing starts every year up to 1970. Again, Mr. Chairman, that will not keep up with the increased requirements, because with 200,000 units a year we will not even make up for lost time, since we are already quite late in the field of housing construction.

Those are the few comments I wanted to offer the minister, since we are discussing the housing problem in Canada.

Mr. Chairman, it is not by increasing the cost of housing that we will solve this problem, but rather by reducing it. Let us make the borrowing facilities available to the builders, available to the public. We may offer as many facilities as we want, but if housing costs continue to rise, as is now the case, if rental costs keep going up, as is now the case, families, heads of families will never become home-owners, and I think that the workers have the right to home ownership, in order to feel at home in a house, with a front and a back yard, and a lawn to rest after their working day, a place where they could grow a few things, do a little gardening and plant some flowers, because they will be happy to own a piece of their homeland. It is only then that we shall have real patriots willing to defend their homeland because they will own a part of it.

Mr. Chairman, everybody has a right to live in his own home, in a single house which will be his only, and the duty of the government is to take the necessary steps to help him to reach this aim.

Now, I think that if the minister and his government will try a little and look for solutions, they have only to address themselves to the governor of the Bank of Canada and give him the necessary orders to create credit as quickly as the houses we shall be able to build. When this is done, we can rest assured that it will not take very long before everybody gets his own house in Canada.

[*English*]

Mr. Johnston: Mr. Chairman, a few months ago parliament increased the bank interest rate. At that time we were told, particularly in the finance committee, that if we took this one step money would become available. The small income earner who wanted to buy land would have to pay less for his money. Some of us were rather suspicious of that reasoning at the time, and I think our suspicions were borne out yesterday with the announcement by the Minister of Labour of the increase in the N.H.A. mortgage interest rate. Obviously the money has not become available for less than it cost before we took that step.

We must seriously consider what will happen when we adopt interest rates like this. I hoped yesterday that someone would do the arithmetic involved and, of course, someone has. In today's *Globe and Mail* we find that on an $18,000 maximum loan at 8¼ per cent the total payment over the full term of 25 years is $42,084. In other words, the interest charge is $24,084 or $6,084 more than the original loan.

This additional money is not required for labour or for materials in the house but strictly to pay for the loan. We might ask where that extra money is to be found. It certainly does not come from increased productivity. New money is created annually to a certain extent, and this has something to do with productivity, but this extra can only be derived by borrowing from the future. We are becoming involved in spiralling interest rates which will destroy our economic system unless very serious consideration is given and certain steps taken to stop this at some point.

The minister in his statement yesterday and today during his elaboration referred to urbanization being responsible for the housing crisis. He said, "The government tends to devote a larger portion of resources to trouble spots resulting from the fantastic urban growth which has taken place." There has been a fantastic urban growth, much of which has taken place in our large cities where land costs are high. Far too much of the money that is ostensibly being spent for housing must first be spent to obtain a bit of land on which to build the house.

One thing that bothers me is the number of regulations imposed by the government or its authorities which have the effect of increasing building costs, because this accelerates the move to the city. Extremely stringent rules apply to N.H.A. housing with regard to lending money for houses to be built on lands that are not connected to sewers. This affects the availability of money for housing. Some years ago the government attempted to tackle this problem and funds were made available for research in order to come up with something that would help. I suspect that a great deal of the money was put into market research rather than practical research, because the result of all this effort was something called the "converto" unit.

• (5:10 p.m.)

A regulation was made which provided that no money would be lent in respect of houses being built on unsewered lots unless a converto unit was put in instead of the conventional sewage disposal unit, the septic tank. There is really nothing wrong with the idea but there is a great deal wrong with the economics of it because this unit costs $600 to $800 more than a conventional unit. This regulation has had the effect of forcing people to move into urban areas. It has also had the effect of increasing the cost of housing in Canada. If you take $600 to $800 and work out the interest at 8¼ per cent over 25 years you will have the true picture of the cost involved in this unit.

If it were satisfactory and did anything to solve the problems of pollution, I would not for one moment raise my voice against it in this chamber. But I know that health units have serious second thoughts about the ability of these units to do the job they are supposed to do. There are health units in British Columbia that refuse to have anything to do with the converto unit. This means there is land which cannot be built upon with an N.H.A. loan because the health unit will not give permission for a converto unit to be installed and C.M.H.C. will not give permission for the conventional septic tank to be used in that type of building. So there is a bit of a bind there.

I raised this question with the minister and his reply was that C.M.H.C. had placed a freeze on all lending in respect of unsewered lots whether or not they had a converto unit. I doubt very much whether that action had anything to do with the converto unit. I imagine it had a great deal to do with the fact that the fund had dried up and the freeze was already in existence.

I seriously urge the minister and the officials of Central Mortgage and Housing Corporation to consider this matter very carefully and take steps to alleviate the situation. This is one of the constructive steps the minister asked us to suggest in order to help him. I suggest that the health units be given

flexibility in deciding whether a converto unit shall be used. If they decide it must be used because of the size of the lot, let this be done. But if they decide there is no greater possibility of pollution from the ordinary septic tank, let the septic tank be installed. In fact, they will probably decide that there is less pollution from the ordinary septic tank because they have serious reservations about the effectiveness of the converto unit.

I suggest that the local health units be allowed to decide this question. They should be allowed to do so because these matters fall within their authority and it is a constitutional authority. It is a serious matter indeed for the federal government to move into this area. If the action of the federal government had the effect of forcing all building to be carried out on properly sewered lots, thereby reducing the menace of pollution, it would be worth while, but it does not do that at all. What it does is make it extremely difficult for anyone who has invested almost $1,000, plus the continual maintenance of the converto unit, ever to vote for a sewage bylaw. Why should he? The policy does not prevent this type of building altogether, because the person who somehow manages to scrape up the money from some source other thn C.M.H.C. can build using the conventional septic tank. This should be a matter for very serious discussion right now, because the minister is blaming urbanization for the crisis in housing. It seems to me that anything that can be done to keep people in the rural areas, even for a while, will help.

It might interest the house to know—some hon. members have probably already noticed this—that when the mid-term census figures were published the only province in Canada where the rural population had not declined was British Columbia. There are specific and special reasons for this. They involve the tax on home owners and grants that have enabled people, elderly people particularly, to stay in their own fully paid-up houses rather than move into the city or into a public housing project. I believe steps can be taken that would provide direct incentives to people who own their homes to stay there. These incentives do not have to involve enormous sums of money. The amount of money involved would be far, far less than the sum involved in N.H.A. loans at 8¼ per cent over 25 years.

There is much to be done in this area. We have heard this afternoon a call for a ministry of housing. This might not be a bad idea, but I know that if that call from the New Democratic party were heeded and a ministry of housing were set up its work would be measured by only one criterion, the number of public housing units constructed each year. This would be the only measure that party would use.

The rhetorical question was asked this afternoon: Where on earth has private enterprise ever solved the housing problem? One could, of course, ask the corollary question: Where has public housing solved the housing problem? Has it solved it in the Soviet union? Has it solved it in Czechoslovakia? Has it solved it even in that pearl of public construction, Sweden? It has not. All these countries have housing problems which are acute and are becoming more acute. This is not the road to follow.

During the question period this afternoon the hon. member for Vancouver-Kingsway asked a question about some housing projects in Vancouver that are apparently held up. She did not say why they are held up. They are held up because they are under investigation. This investigation is being carried out because the cost per square foot of public housing in Vancouver is twice as much as that for housing built under private enterprise. Public housing is not the road to inexpensive housing for Canadians. The road lies in turning private enterprise loose, in making sure that conditions are such that the construction companies know from year to year or at least have some idea how much money will be available to them so they can plan ahead. The road lies in taking constructive steps.

Another constructive step that could be taken very quickly by the government is the removal of the 11 per cent sales tax on construction materials. This surely—I have said it before and it bears repeating—is one of the most inflationary taxes ever imposed. It has led to nothing but grief since its inception, particularly in the field of housing.

These, Mr. Chairman, are some of the areas in which the government can act and should act. No one will deny the gravity of the crisis. But the most frustrating part of it all to people who uphold the free enterprise system is that it has the tendency to make public housing seem the only solution and ever more attractive. I would urge the government to act in these directions that are open to them in order that this country may benefit, not from the most expensive housing that can possibly be built but from the cheapest and best housing that can possibly be built.

• (5:20 p.m.)

I have not been aware of any activity by the members of the New Democratic party this summer to help to prevent a seriously damaging strike in the lumber industry in British Columbia which might cause the mills to shut down. The resulting damage to the industry could eventually affect the housing problem, causing it to become even more acute.

Mr. Hees: Mr. Chairman, when the minister was speaking this afternoon he gave the impression that the housing problem is mainly one which exists in large urban centres. However, I wish to assure him that this is not so. Of course it is a very serious problem in large urban centres, but it is also a serious problem in urban centres of all sizes. Let me give an example.

Last Monday night I spoke in Picton which is a very important town in my riding, having a population of 5,000. Before going down there I asked those arranging the meeting what subject they would consider to be the most important for me to discuss that evening. The unanimous opinion was that housing was the most important matter of concern to the people in that district. As I said, Picton is a town consisting of some 5,000 people and it is a rural area. The inhabitants of this town are very much concerned about the housing crisis which exists in our country.

When the minister was questioned in May by the opposition about what he intended to do to provide the 170,000 houses which the Economic Council of Canada specified to be the minimum number of housing starts per year which should be made in this country in order that our people may be properly housed, he appeared very confident that his program would meet the country's need for 170,000 housing units this year. In looking back it is interesting to note how the minister's program has worked out in practice. When he spoke in May the construction industry of this country was producing houses at the rate of 16,096 starts a month. By June the number of starts increased by 8 per cent, to 17,429. However, by July the number of starts fell off by 14 per cent to 14,965, and by August the number of starts fell off by another 11 per cent to 13,343. So we see that in reality the minister's bold program has turned out to be a program in reverse. It started boldly and increased in the first month by 8 per cent. Then it turned in the other direction and in the next-month fell off by 14 per cent and in the following month by 11 per cent. August is the last month for which we have figures. Heaven knows what we are going to find has been the production rate in the month of September.

By the end of August the number of housing starts made in this country this year numbered 84,578. If we are able to maintain in each of the four remaining months of the year an average of the number of housing starts made in the month of August, 13,343, then by the end of this year we will have started 137,474 houses or about the same number as we started last year, which was 135,000. We can only hope that we can maintain that figure because, as I have pointed out very clearly, in the past two months we have seen serious drops in the number of housing starts, and in all probability we will find that in September we will have fallen considerably below the 13,343 starts made in August. If we look back one year farther we find that in 1965 we produced 20 per cent more houses than we did in the following year, 1966, or than we are likely to produce this year.

This is the minister's bold program for catching up with our housing needs in this country. In 1967 we are producing 20 per cent fewer houses than we did in 1965, assuming that we can hold the rate of starts which we made in August of this year, and there is a very real possibility that this will not be done.

So we can see that this program about which the minister spoke in such glowing terms last May has turned out to be a complete failure. In reality it is a policy in reverse. That is about the very best that can be said for it. What it amounts to is that by the end of this year the housing program, about which the minister spoke in such glowing terms a few minutes ago and also in May when he answered questions in the house, will have produced more than 50,000 houses too few, according to the minimum figure of 190,000 which the Economic Council of Canada says we must produce each year from now on until 1970 if we want to avoid an accumulating shortage of houses in this country.

In trying to explain this away, the minister said that of course that figure includes around 50,000 houses which must be replaced. He implied that it really is not too important to replace those houses, that people can go on living in run-down, unsanitary, slum houses so far as the Liberal government is concerned. This does not seem to bother the minister too much. The fact that this kind of housing contributes to juvenile delinquency,

broken families and crime does not seem to bother this government in any way at all.

I want to point out that this is the complete reverse of the policy of the Progressive Conservative party in this matter. We believe that the people of this country deserve to have houses that are modern, sanitary and comfortable because we know that these make possible better family life and ultimately better citizens. That is the philosophy of the Conservative party concerning housing in this country. But it seems that the Liberal government is in favour of seeing people continue to live in run-down, unsanitary, slum houses, with all the detriments that these bring about.

Having examined this dismal failure of the government, let us ask ourselves what has been the cause of it. The answer, of course, is the government's tight money policy, in which it has persisted for the past two years despite the constant urging of the Conservative party to abandon this policy which is doing nothing but harm in our country today. The tight money policy has forced interest rates to such a high level that those who would normally invest in housing mortgages are no longer interested to do so because they can find more lucrative ways of investing their funds. So I say that the government's tight money policy is wholly responsible for the fact that the interest rate on N.H.A. mortgages was raised last night by 1 per cent to 8.25 per cent, the highest rate at which the interest rate on these mortgages has ever been in our history. This, I believe, is a very sad state of affairs when one considers the needs of the people of this country for housing at a rate of interest they can afford to pay.

• (5:30 p.m.)

I believe that the financial institutions of this country or any other country have a real responsibility for providing the funds that are necessary to build the houses that the people of a country need. President Johnson of the United States did something which I think our Prime Minister must do in the very near future when he approached the large life insurance companies of the United States directly and explained to them that they had a real, national responsibility in providing the necessary funds for the kind of housing which is necessary to be undertaken, that involving the highest risk and therefore the least attractive—slum clearance housing. The United States life insurance companies responded magnificiently to his approach and diverted $1 billion from their regular $16 billion stream of investments, telling President Johnson that they would invest what is required for slum clearance housing. This, I believe, is the kind of initiative that should be followed by the Prime Minister of this country. I believe that he should speak to our financial institutions and explain to them that they have a very real national responsibility to meet the housing needs of this country.

In the United States, the financial institutions receive approximately 6¼ per cent on the money they lend for housing purposes. Our financial institutions obviously have been unwilling to come forward with enough money at the recent rate of interest, 7¼ per cent, that was available to them. It has been necessary for the government to raise the rate of interest to 8¼ per cent to attract what the government hopes will be sufficient funds into the housing field.

On Tuesday I asked the Prime Minister if he intended approaching the large financial institutions of this country and putting to them the proposition that President Johnson of the United States had put to similar institutions of the United States. The Prime Minister told me that if I waited until Thursday the minister would advise me of his intentions and actions in this regard. So I ask the minister whether he would not, when I sit down, advise the house as to what the government's intentions are in this regard.

As I say, I believe our financial institutions have the same kind of responsibility toward the housing needs of this country as was recognized by the financial institutions of the United States when they came forward with $1 billion for slum clearance purposes. If our financial institutions would respond in like measure, we should obtain an additional $100 million to what we presently have for housing purposes.

One thing has become very clear. Housing in this country in future cannot be treated as something which can be turned on or off according to the fiscal or monetary situation prevailing at the time. It must be treated as a vital human need. The funds to finance house construction must not be turned on or off according to whether other forms of investment appear more attractive at the time. There must be a sufficient and continuing flow of mortgage funds throughout the year to permit the construction of the housing which our people need. The Economic Council of Canada has made very clear that our people need a minimum of 190,000 new housing units per year to look after their needs in this regard.

I believe that housing is too important to be moved simply from department to department or to become an adjunct of one department or another. I believe a new department must be established, a department of housing and urban affairs, to administer not only the housing affairs of this country, but also the many problems which have arisen through our rapidly growing urban society.

To keep our mortgage rates reasonable, I think the government must do two things. First, it must avoid in future the tight money policy imposed on this country during the past two years, which has sent interest rates up and up. Second, the government must persuade the financial institutions of this country that they have a national responsibility in providing funds, at a reasonable rate of interest for the housing which our people need.

As I say, I am much impressed by the actions of the United States financial institutions in making funds available at 6½ per cent. If the United States financial institutions find it possible to make funds available at that kind of interest rate, our financial institutions should also be able to do so, particularly when one considers that these funds which they make available for housing are guaranteed 100 per cent by the federal government.

If sufficient funds from our financial institutions are not forthcoming to meet our housing needs it is obvious, I believe, that the gap must immediately be filled by the federal government. It is important for us to remember that those government funds which are to be used to finance our housing needs will not be a government expense and would not in any way affect taxes. You and I know, Mr. Chairman, that the government raises the funds that it needs for these purposes by going to the capital market and paying the rate of interest which is necessary to attract the needed funds from potential lenders throughout the country or, in some instances, in another country. The government then adds a necessary service charge to cover expenses and the money is made available for housing or other necessary purposes.

I believe that if the government follows what I consider reasonable and sensible suggestions in this regard and follows a course which appears to all of us to be reasonable and sensible, we shall cease moving from housing crisis to housing crisis as we have in the past years and we shall be able to provide the houses which our people need in the quantities they need them and at costs they will be able to pay.

Mr. Nicholson: Mr. Chairman, I welcome the opportunity to answer the question which the hon. member for Northumberland put as to the government's intention with regard to possible approaches to our large financial institutions for assistance in housing.

I think I made it clear in statements I made earlier in the year that we have had extended discussions with the leaders of the financial lending institutions in Canada—the trust companies, insurance companies and banks—and one company alone, one company alone is putting into the N.H.A. field, apart from its conventional lending, nearly as much on a per capita basis as the $1 billion being put up by a group of companies in the United States. I think it should be put on record also that while I believe some of them could do more and will do more with the change in the interest rate announced last night, the life insurance companies of Canada are already putting 50 per cent of their total investment portfolio into mortgages and the trust companies are doing still better.

• (5:40 p.m.)

On a point of order arising out of what was said by the hon. member for Northumberland, may I point out, Mr. Chairman, that the figures he quoted with reference to housing starts relate to towns and cities having populations of 10,000 and over, they do not include communities of 10,000 and less. Together they are altogether different from the figures he quoted.

Mr. Hees: Then, Mr. Chairman,—

Mr. Wahn: On a point of order, the hon. gentleman asked his question of the minister after the minister had spoken. He has had his opportunity to speak and he should now let others speak.

Mr. Hees: I wish to make it clear that I used comparative figures, prepared on the same basis, for all the years I quoted. My comparisons between one year and another were therefore very fair. I used figures which had been produced for me by the Dominion Bureau of Statistics. The bureau made them available to me and they had all been worked out on the same basis year after year.

I should like to ask the minister one question based on something he said. Could he explain why there is such a discrepancy between the rate at which the financial institutions of the United States are willing to lend their money and the rate required by the large financial institutions here in Canada?

Mr. Nicholson: Traditionally there has been a spread of 1 per cent or so between Canada and the United States, accounted for partly by differences in the exchange rate.

Mr. Wahn: Mr. Chairman, I am convinced that the people of Canada will not be deceived or misled for one moment by the sometimes extravagant and irresponsible charges made on this subject yesterday and today by certain opposition members, including the hon. member for Danforth with his careless reference to the report of the Economic Council which, as I read it, does not support the specific charges he made. Canadians will resent any attempt to make political capital out of housing needs.

Some hon. Members: Hear, hear.

Mr. Wahn: Clearly, all three levels of government, municipal, provincial and federal, have certain responsibilities in this field. In my own city of Toronto, which has perhaps the most serious housing crisis in Canada, we have an N.D.P. mayor, a Conservative government at the provincial level and a Liberal government at the federal level. All of them are involved. Housing should not be made a matter for partisan politics.

It has been clearly established by the Minister of Labour that the government, ably assisted by C.M.H.C., has executed brilliantly and efficiently the federal housing policy so far approved by the house and set out in the housing legislation of the last few years. The statistics already cited on starts and completions and covering the amount of federal money committed establish this fact decisively and I do not intend to repeat them. However, I do want to stress my personal conviction that to ensure decent housing for all Canadians this house must accept a new federal initiative. It must accept the principle that there is a clear federal responsibility to take a direct and active part in the provision of public housing, at least in the large and rapidly growing urban areas where the crisis is most severe. It is not enough for the federal government merely to act as a friendly banker, the role the federal government has played in the past.

The step announced yesterday in raising the maximum interest rate on N.H.A. direct loans is consistent with this principle. As the minister stated yesterday, "The government intends to devote a larger portion of its resources to the social needs of the lower income groups and to the trouble spots resulting from urban growth, in order to provide improved living conditions in our urban areas". Apparently some opposition members oppose this principle.

In a recent address at the annual conference of mayors and municipalities by Mr. Michael Wheeler, director of special projects on low income housing of the Canadian Welfare Council, Mr. Wheeler pointed out that in the years 1964 to 1966 84 per cent of the total federal commitment to housing was in the form of N.H.A. insured loans, 10 per cent consisted of non-profit loans for housing elderly persons, for student residences and so on, and only 6 per cent consisted of loans for public housing. In the same address Mr. Wheeler pointed out that the average price of N.H.A. houses was just under $20,000. Under N.H.A. regulations loans for such houses cannot be made to persons having an income below $7,000 or $8,000 a year. It is clear therefore that in the past over 80 per cent of our total federal commitment of funds was used to subsidize those who needed it least, those with incomes of more than $7,000 or $8,000, and only 6 per cent was used for public housing where the need was greatest.

The minister in his remarks earlier today indicated that so far this year the percentage of funds used for public housing has been increased more than threefold, to $150 million or 20 per cent of the total. This has been a tremendous improvement but clearly further action is necessary. The minister's statement yesterday should help ensure a still further improvement in the percentage of the total federal commitment which is used for public housing.

One vital fact must never be forgotten. The relatively poor showing of public housing has not been due to lack of federal money. In recent years far more federal money has been available and still is available for public housing than has ever been asked for by the municipalities and provinces which under our legislation have responsibility for initiating public housing projects. I believe it is a fact that since the present minister assumed responsibility for housing not a single public housing loan recommended by C.M.H.C. and proposed by a province has been refused by the government. This is a record of which the government and, indeed, every member of this house can be proud. But more public housing is urgently required in certain areas.

This adds force to what I have said. A new federal initiative in public housing must be approved by this house. It is not enough that federal money for public housing is available. We must go further and see that it is used

effectively. I am certainly prepared to support a new federal initiative and I am sure this applies also to many other members on this side of the house. I ask members of the Conservative opposition, who so recently in national convention approved the two nation doctrine to tell us whether they are prepared to accept federal responsibility in the field of public housing. And what about the members of the N.D.P. who, when in the province of Quebec, preach so fervently the gospel of special status? Are they prepared to accept the principle of federal responsibility?

Up to the present time parliament has taken the view that the provision of sufficient public housing is essentially a welfare matter within the constitutional jurisdiction of the provinces and their municipalities. I contend that this view is long outdated. For example, the housing crisis in Toronto results from the fact that people from all parts of the province of Ontario, from other parts of Canada and from countries outside our borders are flocking into the city. The population of Toronto in recent years has been expanding at about the fastest rate of any large city on the continent. It has almost two million people. More immigrants have come to the Toronto area than to any other part of the country. The public housing crisis in Toronto has resulted from this influx of people from all parts of the world. It is the policy, and correct policy, of this government, to encourage immigration. Immigrants must find some place to live. They must find housing.

Surely it is now entirely clear that under existing conditions the provision of public housing in the large rapidly growing urban areas is a question of national urgency involving the peace, order and good government of Canada. Until parliament accepts this responsibility it is idle and mischievous for opposition members to attack the government for not taking action which parliament has not yet authorized. I challenge the Conservative and N.D.P. opposition members to cease their carping criticism and to stand up and tell the house and the Canadian people where they stand on this vital issue of federal government responsibility and authority.

• (5:50 p.m.)

Mr. Grafftey: Are you being serious?

Mr. Scott (Danforth): That is what we have said for years.

Mr. Wahn: I hope that in the remainder of this debate members of all parties in this house will accept the principle that the provision of public housing in our large urban centres is not a welfare measure and therefore of local concern but a matter of national urgency and importance.

Mr. Scott (Danforth): Why do not do something about it then?

Mr. Wahn: I feel confident that if parliament will accept the federal responsibility, effective action can be taken without constitutional change. It must be recognized, however, that in addition to federal responsibility there is a provincial and municipal responsibility and that there must be a co-operative effort among the three levels of government.

Mr. Scott (Danforth): Would the hon. member permit a question ?

Mr. Wahn: When I am finished. A means can and must be found to cut through the red tape and to put an end to the buck-passing among the three levels of government which has limited action up to the present time. We must try to pinpoint the reasons why federal funds have not been used so far and then decide how we can make action effective in the future.

I suggest to the members of this house that the most fundamental reason why federal public housing funds have not been fully used up to the present time is that additional public housing in the large urban municipalities such as Toronto, which need public housing most, will under existing conditions impose an additional, unwarranted and indeed unbearable burden on the home owner. Independent studies make it entirely clear the urban home owner at the present time is bearing an unfair and regressive tax burden. If Toronto or any other urban municipality wishes to use federal public housing funds, it must be prepared to put up a small percentage of the capital cost itself. It is a small percentage but it does involve some additional burden.

Much more important, however, are the hidden charges upon the municipality resulting from public housing. These include the cost of providing water mains, sewage systems and municipal services of all kinds, and particularly schools for the large numbers of children in the public housing projects. Again federal legislation makes federal money available for certain services such as sewage systems. Nevertheless, public housing does impose an additional and unfair burden upon the municipal taxpayer. Moreover, municipal

resources are limited, and in these circumstances it is only natural and human that municipal officials will encourage the construction of revenue-producing office buildings and industrial plants rather than public housing projects. Surely it is entirely clear that if the municipalities are to welcome public housing projects these projects must be made financially attractive to the municipalities. This is a financial, not a constitutional, problem and it can be solved.

Out of date municipal building restrictions and expropriation laws also impede public housing. Finally, the additional time and expense involved in dealing with a multitude of authorities at three different governmental levels impose a heavy and often impossible burden of expense, delay and frustration upon all those concerned with public housing.

No doubt these problems can be resolved in a number of ways. However, any solution does involve more direct federal participation in public housing and therefore a new federal initiative in this field. For example, in each large urban municipality where a serious public housing problem exists there could be formed under provincial charter a public housing corporation governed by a small and competent board of directors consisting of persons nominated by the municipality and the provincial and federal governments. I hope these persons would not be civil servants. Our civil service bureaucracy is already too large.

The necessary money would be provided by the federal and provincial governments in the agreed ratios. The corporation would have the power to expropriate on fair terms, power to cut through unreasonable municipal building restrictions, to acquire and service raw land and to buy or build public housing.

Admittedly there is need now for economy in government, but this plan would not involve expenditures above those now contemplated. Some of the money previously used to finance expensive single family homes would be diverted to meet the needs of those people whose needs are greatest and most urgent. The construction industry can be as well employed in building public housing as in building single family dwellings at $20,000 or more, luxury apartments or large office buildings. I believe it is entirely clear that there is no constitutional objection to such a scheme.

I think all of us in the house would agree that public housing is now an urgent necessity. I think we would also agree that it is not the best ultimate solution. All of us, I am sure, look forward to the day when every healthy Canadian can earn enough money by his own efforts to provide decent housing for himself and his family so that public housing will be required only by the elderly, the sick and the disabled. In the meantime, however, we do have a public housing crisis in some of our large cities. I hope that members of all parties will support additional federal action in this field.

The Assistant Deputy Chairman: Before calling on the next speaker it is my duty, pursuant to standing order 39A, to announce the adjournment proceedings for ten o'clock.

[*Translation*]

The hon. member for Lapointe (Mr. Grégoire): The Estates General of Quebec and French Canada.

[*English*]

The hon. member for Humboldt-Melfort-Tisdale—National Parks, possible retention of tourist cabins.

The hon. member for Kootenay West—Power, Columbia river, alleged delay in federal payments to British Columbia.

Mr. Grafftey: Mr. Chairman, before I make my brief remarks this evening I should like to give my views relating to partisanship. I think partisanship is at its worst when we deal with personalities in the House of Commons in the wrong way. It seems to me there is a new type of partisanship coming from the government this afternoon.

What has been happening, Mr. Chairman? We have been telling the government for three years that there is a housing shortage in Canada and that the government is doing nothing about it. All members who returned to their constituencies this summer discovered there was a housing crisis, not a shortage. We have been putting on *Hansard* day in and day out for the last three years positive suggestions in the matter of housing. But what has happened? The government and its supporters come to the House of Commons at the resumption of this session in the fall of 1967 and say: "Oh, don't be partisan; don't criticize us."

I suggest that that is exactly the role of an opposition, and we are going to continue to put forward positive suggestions on the floor of this house. We are also going to continue to point out to the people of Canada that this government has no policy and is giving no national leadership in the field of housing. I

suppose that the hon. member who has just spoken would accuse me of being partisan in saying that, but I am only saying what every Canadian is saying right now in every part of the country.

Reference has been made to the constitution. Canadians in every corner of the country today are sick and tired of the government hiding behind the constitution. Ten years ago there was absolutely no doubt it was the federal government that was responsible for inflation and the rise in the cost of living, the number one domestic concern today of Canadians. Yet the Minister of Finance rises in this house and says there is doubt about where the constitutional responsibility lies.

• (6:00 p.m.)

Ten years ago, five years ago, when we were in power, there was no doubt in our minds that the provinces and in turn the municipalities had a real role to play in housing policy. There was also no doubt in our minds that housing was a national consideration and concern. Every time we get up on the floor of the house and invoke the government's responsibility, what happens? Is the parliamentary secretary to the minister really serious when he rises and invokes the constitution and tells us it is really a provincial concern? Not at all. Would he go back to his constituency in the face of a housing crisis and wave the constitution in his constituents' faces? I hope not.

Let us be clear now that while we require the co-operation of the provinces and the municipalities the ultimate responsibility for housing or the lack of it, rests with the federal authority. It is passing strange to me that while the government is always talking about the desirability of the central authority, the federal government, being able to have its hands on the various levels of power, the minute the cost of living spirals, the minute there is a problem such as a housing crisis or in respect of urban development, water pollution, air pollution or soil pollution, the minister concerned gets up and says it is not their responsibility but is the responsibility of the provinces.

The hon. member who just spoke said that he was sick and tired of the buck being passed. It is this minister and this government that are passing the buck. We ask the minister and the government not to give us long speeches about interest rates and not to quote statistics but rather to accept their responsibilities and act.

I am very glad the minister made the speech he did today. I do not hold the Minister of Labour solely responsible for the housing crisis. It is part and parcel of the bankrupt economic policy of this government. He is forced into this position by the fact that the government has not co-operated with the provinces in planning economic and social priorities. He is forced into this position by the unplanned spending of the government and by the continuing budget deficits. He is forced into the position of high interest rates because the government has not disciplined itself or planned priorities within the national sphere or with the provinces.

I am glad the minister has made it clear that he is not accepting one of the central recommendations of the Economic Council of Canada, namely, that modern government must regard housing as a social welfare matter and must realize that housing is not one of those areas of social welfare which should be affected by normal economic fiscal planning.

Time and time again this government has not paid heed to the positive suggestions from this side of the house. At every session for three years we have told the government that as long as it regards us as a parliament to be played with in conjunction with fiscal and monetary measures it is not going to have a satisfactory housing policy. The minister today turned his back on this suggestion and pinpointed the fact that the Canadian government is the only government in the modern western world which does not regard housing as a social welfare matter and one which should not be affected by the ups and downs of normal monetary fiscal management.

We believe that proper and decent housing is a priority welfare and social matter. With poor housing many other social and welfare programs cannot be brought into effect. Juvenile delinquency and all the urban problems that we need to attack in a positive and constructive way cannot be attacked as long as we are not providing our people, not only in the low but also now in the middle income group, with decent housing. So we consider housing, along with education, a priority item in terms of social welfare matters.

The Liberal party likes to consider itself the pioneer in do-good legislation, but I think they are missing this primary priority because of the whims of fiscal management. I am glad the minister spoke as he did. He gave us a wonderful lecture about how we do not have much housing when the interest rate goes one way, how we do pretty well when it

goes another way, and so on. We followed the minister with great care, but in sum and substance he was telling us that he is going to turn back on the main and central recommendation of the Economic Council of Canada. So we will continue to have a housing crisis in this country until there is a change of government.

Mr. Mackasey: You will wait a long time.

Mr. Grafftey: That is one example from the minister's remarks. He belaboured the problem of low-cost land in cities like Toronto, Montreal and Vancouver—all the large metro and urban centres of this country. He spoke of the unavailability of good, low-priced land. We on this side of the house are quite aware of this. Three years ago we told the minister that there was a need to develop co-operation with the municipalities and the provinces whereby low-cost land would be available to the citizens of this country.

The minister points out this problem to us today. I sincerely hope we will not have to have another two years of study before it is pinpointed again. We have been aware of it for three years. I hope the minister does not feel that he has just informed us of it for the first time in the house this afternoon.

One of the reasons which I have already given for the engendering of a high degree of cynicism on the part of the Canadian people toward the federal authority is related to the fact that the federal government far too often when it gets into trouble decides to be partisan and hide behind the constitution. Canadians in every corner of this land are becoming very concerned because no level of government is treating modern problems seriously—some of the problems are not so modern—and no level of government today is seriously confronting the problems of housing, air pollution, water pollution, soil pollution, and urban development.

This is just one instance where a minister of the government is being frustrated. This government will not let parliament and the elected representatives play their part in modernizing and updating our constitution. I am not speaking only of French or English cultural rights in all parts of Canada. It is my view that one of the real causes of national disunity today is related to what I call the real economic issue because the government will not let members on both sides of House of Commons get down to work on modernizing and updating our constitution. Because of this we continue to have such things as housing crises and spiralling costs without any feeling on the part of the people at the grass roots level that any level of government is effectively tackling these problems.

• (6:10 p.m.)

What happens then? Month after month, year after year, we in the opposition put positive suggestions on the record of the House of Commons to no avail. Government spokesmen, such as the one today, get up and quote statistics. Today we heard from the minister. Tomorrow I am sure we will hear from his parliamentary secretary, and I can almost quote what he will say. He has made the same speech 50 times. He will invoke the constitution in a manner similar to that of his minister who today gave us a little lecture in economics. He told us that he could not put funds into the economy as long as housing is operating at a certain level.

Let me inform the minister that he cannot hide behind that kind of speech any more. He is going to be faced with this type of criticism until he recognizes that housing is a social welfare matter and that the right to a decent house, a decent dwelling and a decent roof over one's head is a fundamental right in a free, democratic country. The minister made a good nineteenth century speech today, but that is just not good enough for 1967. I would be surprised if his speech today gets much caucus support, particularly if some of the members on that side to whom I have spoken are really serious about where they stand in the political spectrum.

Let me ask simply what the government is going to do to solve this problem. The minister has quoted statistics today, but the fact of life is this. We are at least 50,000 housing units short this year and unless the government does something about this situation it will become worse before it becomes better. Marie Antoinette said "Let them eat cake". What is this government going to say to these people who do not have decent roofs over their heads? Is it going to tell them to get tents? Is the government going into the business of distributing tents in the months ahead? I am not being facetious. It is just not good enough for the government to quote statistics.

The housing crisis does not only exist in the urban and metropolitan districts. Many people in rural districts do not have decent homes today because this government has not evolved a good policy. What is the problem? Basically, at this time Canadians in the lower income brackets are faced with a real crisis. I suggest that people in the middle income

bracket are now facing a real crisis. Many Canadians in the middle income bracket can not find homes to live in today, and this has been pointed out many times. These people are flooding into the cities.

Recent figures show a record upsurge in immigration. Young married couples born in the immediate post-war era are now looking for homes. The minister invoked the argument this afternoon, which simply does not hold up, that if you talk with young married couples or couples in the middle income bracket you will find that they have made all sorts of provisions for travelling, for education and for many other things. That is true, but in the minister's lecture this afternoon he stated that these people have not really given priority to or made provision for the purchase of homes. That is also true because the cost of a home is so high it is out of reach of the average family. These people do not even consider buying a home because houses are so expensive.

As a Conservative, deep down in my heart I believe that home ownership is a great thing. I believe in what might be termed an ownership democracy. I believe in a democracy that encourages people to own their own homes, small businessmen to own their own businesses and farmers to own their own farms. I believe that Canadians should invest more in the shares of Canadian companies. I believe that the reason people are not talking about owning their own homes is that they are priced so far out of the market today they cannot begin to afford them. A home should not be something just for the rich.

I think I have said at least three times during this debate, but it must be said again and again, that in a country like Canada which has the second highest standard of living in the history of the world, it is nothing short of a disgrace that we should have the kind of housing crisis that is facing this nation today. All the minister apparently can do is get up in his place and give the sort of economic lecture he has given this afternoon, without giving any real encouragement to those people who want a decent roof over their heads. I had hoped for better. I hoped he would give some encouragement this year when we are talking about new and modern politics. All he has done is quote statistics to those who are living in want and deprivation.

Last year in Toronto the average price of a new home was $29,000, yet in 1965 approximately 85 per cent of housing loans financed by the federal government were made to individuals with annual average incomes of over $5,000. Where does this leave the low income worker? The answer is that it often leaves him living in squalor in run-down metropolitan areas. I do not say this in a demagogic way, but such poverty amongst plenty should be stopped. I hope this is the last time in respect of a subject as sensitive as this that a minister of the Crown will get up and quote a lot of bureaucratic statistics.

In 1967 housing starts, instead of increasing over the number in 1966, are beginning to slip badly. We do not have to make speeches about this; this is the fact. The winter season last year was half over when the government recognized this problem, even though week after week we pointed it out to the minister. Day after day, along with members of the N.D.P., we asked what action the minister intended to take.

During a period of time when a great deal of cynicism was being directed at this institution, the minister went on a cross-country lecture tour. You may conduct a parliamentary inquiry or whatever you wish, but one of the real reasons people are getting fed up with much of what is being attempted by the government is that the government has built delaying procedures into our activities. We have had a record number of royal commissions, some of which have been very good; yet only a small percentage of their recommendations has been carried out. The Registrar General is now following this procedure. If a problem develops he suggests that we set up a task force. He will not even face the problem; he sets up a task force.

• (6:20 p.m.)

When President Kennedy set up a task force in the United States this simply meant that the tentacles of the White House would reach out over the United States. Such a task force was required to report back within a few weeks at the most. If an extension of time was required a very good reason had to be supplied. The very phrase "task force" in the United States denoted the urgency of a problem. Today when we face a crisis in Canada the government sets up a task force which may report in one, two or even three years. If we in the opposition ask why it cannot report sooner, we are shouted down.

A great deal has been said about research. I am not one of those anti-eggheads or anti-intellectual individuals. I recognize the real need for research in housing, but what frightens me is that the government may have

been using research and study as an excuse for delay. There is a time for study but there is also a time for action, even though we do not know or cannot be 100 per cent sure we are right all the time. I am a great believer in computerized research. I believe that in modern government we require more and more research. However, when we are faced with a crisis this government institutes more research when it should in fact be acting. I suggest to the minister that the research he is carrying out now should have been done five years ago. Am I to tell a constituent in my riding that he cannot have a house over his head until we—

Mr. Mackasey: You were in power five years ago.

Mr. Grafftey: As the hon. member says, we were in power five years ago. This policy might have been good enough at that time.

Some hon. Members: Oh, oh.

Mr. Grafftey: The voting digits from my province are upset. They are becoming exercised now because they have also been told by their constituents that homes are needed. Research is a must, but let us not invoke the need for more research for the purpose of delay, delay, delay.

Last year the minister came up with a new kind of meeting, the symposium. He went across the nation calling housing symposia with the municipalities and provinces. Having gone across the nation calling one symposium after another, he tells us in his speech today that we need yet another federal-provincial meeting before we can have any action. All he did was travel across this country calling symposiums. It was a sort of lecture tour.

The minister told the provincial officials to get off their chairs; he told the muncipalities what they should be doing, always becoming a little irritable in the house when we told him what he should be doing. Now we have not a housing shortage but a housing crisis, and we are still telling him what he should be doing. This afternoon the minister suggested another federal provincial conference before anything can be done. Yet some hon. members wonder why Canadians are getting sick and tired of buck-passing, hiding behind the constitution and the fact that no level of government is facing up to its responsibilities in this regard.

Mr. Groos: Mr. Chairman, may I ask the hon. member a question?

[Mr. Grafftey.]

Mr. Grafftey: The hon. member may certainly ask me a question.

Mr. Groos: The hon. member for Brome-Missisquoi has said that last year the minister spent his time crossing the country calling symposiums. The hon. member for Danforth said the minister was sitting in his office. Both hon. members cannot be right. Is the hon. member for Brome-Missisquoi wrong or is the hon. member for Danforth wrong?

Mr. Grafftey: Perhaps the minister found time to do both.

Mr. Régimbal: And produce nothing.

Mr. Grafftey: Housing starts in 1967, instead of increasing over 1966, are falling off badly. The fall of the year is here and we have gone from a housing shortage to a housing crisis. Unless I misunderstood the minister's words, those who are looking for homes cannot take much encouragement from the announcement last night or from the minister's speech in the house this afternoon.

I repeat what I have already said. I believe that every Canadian family should have the right and opportunity to own a home or to enjoy adequate rental accommodation. I agree with the government that this should be brought about in co-operation with private industry and the provincial and municipal authorities. But I do not agree that the federal government does not have the primary responsibility in this regard. A housing crisis is surely a national issue, especially a housing crisis that is spread right across this nation. If it is not a national issue, what are we doing here in Ottawa?

In my view the inability to act on important issues such as this is one real cause of separatism. I do not like to use that word but we all complain today about the power of the provincial governments. This complaint is often heard. We say that the provincial governments are too powerful and the federal government is not allowed to do the things it should do. This is an area in which the federal government should be acting, but it is abdicating its responsibility.

Mr. Régimbal: And joking about it.

Mr. Grafftey: What about home ownership? It should be encouraged. Just in case hon. members opposite think we have no positive suggestions to put forward I should like to list a few. With respect to home ownership we should be encouraging intensive research into new methods of building lower

cost housing and furthering research into co-operative building and ownership. I am talking about the kind of research that we need. The kind of research that has been carried out has inhibited us from acting in other areas. Second, we should eliminate the 11 per cent sales tax on building materials. Third, we should exempt from taxable income an amount up to $500 for school and municipal taxes. Let us consider this suggestion. Is it practical? Perhaps hon. members opposite think it is not. But let us talk about it; it is an idea.

Fourth, we should extend the original Progressive Conservative legislation to provide low-cost, long-term loans to municipalities for sewage treatment projects and other anti-pollution measures. Fifth, we should establish a municipal capital availability fund for purposes of long-term, low-cost loans. We have been suggesting this for years. Now the minister rises in the house and talks about the problem of the unavailability of funds for low-cost loans. Sixth, we should extend direct Central Mortgage and Housing Corporation loans to include those who today cannot qualify for reasons of income. Seventh, we should increase direct loans on older housing, especially where a housing shortage exists. A little progress has been made in this regard. Eighth, we should make group mortgage insurance available to all N.H.A. mortgage holders.

What about low-cost rental housing? In this connection I make the following suggestions. First, we should provide low-cost, long-term federal loans and a higher federal share of capital costs and operating losses. Second, we should co-operate with the provinces and municipalities in the setting up of minimum standards or ordinances for rented accommodation and provide incentives for both urban and rural municipalities to fight blight and decay in housing by such ordinances. Third, we should provide long-term loans to municipalities for the acquisition of land for housing and/or recreation purposes. This is another answer to the point raised by the minister this afternoon.

Fourth, we should provide such incentives as are fair to encourage the investment of capital in house financing. What the minister said today was true. There are a great many people who are in the building industry to make a profit. I do not think anybody is against that. The facts of life dictate this. I believe that in a realistic way we should encourage a policy that would be an incentive for people to invest capital in house financing.

The Assistant Deputy Chairman: Order. I regret to interrupt the hon. gentleman but the time allotted to him has expired.

Mr. Benson: Mr. Chairman, it is not my intention to answer all the questions raised by the hon. member for Brome-Missisquoi. When he got down to his suggestions at the end of his speech, I thought he was really indicating the program that had been carried out by the Liberal government rather than things that should be done in the future.

Some hon. Members: Hear, hear.

Mr. Benson: I wish to speak briefly in this debate as Acting Minister of Finance in the absence of my colleague, the hon. member for Eglinton, who is attending the annual meetings of the International Monetary Fund and International Bank in Rio de Janeiro.

All of us in the government recognize the importance of housing in our economic and social policies. It is one of the most essential needs of the people of Canada, a need which will grow and change as our population grows and changes in its composition. The Economic Council of Canada has done us all a service in showing how these needs grow and change in accordance with the growth of the various age groups of the population, as well as noting the influence of increasing incomes on the desire of unattached persons, as distinct from family units, to have accommodation of their own.

The federal government of Canada over the last 35 years have become increasingly and productively involved in the housing situation. Our main activity commenced as a credit measure during the depression, improving notably the source of mortgage funds. When the war was over our operations were considerably extended and Central Mortgage and Housing Corporation was set up to carry them out vigorously.

• (6:30 p.m.)

Its activities have led the government of Canada into initiating, advocating and supporting a wide variety of programs, from the insuring of mortgages at the one extreme to the support of town planning and urban development at the other. We in parliament can claim some credit. We in parliament have become very conscious of what can be done and should be done through the financial instruments that are available to us.

It must be recognized, however, that housing, urban development, land use and all the municipal problems that relate to it, are matters within provincial jurisdiction. Our influence has been important and productive but it cannot be conclusive. As my hon. colleague, the Minister of Labour, has pointed out, there are many things which cannot be done by money in this field. It is important that problems, for example, relating to the supply and use of land, which comes within provincial jurisdiction and the normal responsibilities of municipalities, should be dealt with just as vigorously as the supply of funds for the building of houses. Moreover, as my colleague, the Minister of Finance pointed out some months ago, it is quite important that the effects upon housing of the real property taxes of municipalities be taken into account. He noted in April that, along with other influences, these taxes make house and apartment costs too high. Part of the solution of the housing problem must be found in improving the financing of municipalities.

A good deal of the current problems in housing arise from the shortage of funds in the capital market available for lending on mortgages. Our own experience in Canada in the past, as well as experience in the United States, has shown that housing is vulnerable to competition for funds in the capital market. In part, this vulnerability arises from the greater competitive power of the competing borrowers, dowdy businesses on the one hand and governments and municipalities on the other. In part, it arises from a variety of institutional arrangements including the competitive power of those savings institutions that normally invest in mortgages as compared with those that normally invest in other things. Part of the trouble derives from the nature of the mortgage instrument itself. All of these factors must be considered in looking to any long term solution of the housing problem. A discussion of them would be appropriate at some future time in this house. In regard to the immediate current problem that confronts us, I would like to say a little with regard to the relationship of housing to the flow of savings and the funds that the government can put into housing as compared with other areas.

Last year, in 1966, the competition for funds in the capital market was very intense and the flow of funds from conventional lenders into the mortgage market and thus into housing was considerably reduced.

[Mr. Benson.]

Since late last autumn there has been quite a substantial expansion in the money supply which has alleviated the tightness in credit conditions generally. Notwithstanding this expansion there has, however, been a substantial increase in long term interest rates, both in the United States and Canada, after a brief decline last winter. In both countries long term interest rates have reached very high levels despite the substantial expansion in the money supply.

These high rates of interest on bonds and mortgages are the result of the action of investors and borrowers in the markets. Investors are demanding high rates for their savings, in part because there are potential borrowers willing to pay such rates and competition permits them. In part, the demands of investors for high rates arise from their concern over the increasing prices and wages in our economies, that is, concern over inflation. So long as investors in the United States and Canada continue to have the attitude they now have toward long term investments in bonds and mortgages, and so long as there are many long term borrowers in the market, we cannot expect to escape these high rates of interest.

A considerable part of the heavy demands upon the capital market this year is the demand of the government of Canada. The net cash requirements of the government over and above its revenues and its normal non-budgetary receipts this year are very much higher than they have been for many years past, apart from those arising from the large exchange transactions of 1962. This requires the government to borrow very large amounts. Our borrowings are inevitably part of the problems confronting the capital markets in Canada this year. They are part of the competition which is making it difficult to get sufficient money for mortgages to build houses and apartments. Our demands on the market this year, however, are moderated by our ability to reduce our cash balances this year, as the Minister of Finance said we would do in this budget speech on June 1.

In looking forward to the housing situation next year one of the important issues that has to be taken into account is the extent of the competition there will be in the capital market for savings to be used for purposes other than housing. One of these demands will, of course, be the demand of the government of Canada. Moreover, at the beginning of the next fiscal year cash balances will not be as high as they were at the beginning of this fiscal year, so we shall not have as much

freedom to meet our requirements through the reduction of our balances.

The government—the treasury board and the cabinet—is now trying very hard to contain our expenditure and lending programs for next year in order to keep our demands on the capital market down to an amount which we feel is reasonable in relation to the other demands on that market. In doing that we will be helping in the best way possible to allow savings to be used for financing the construction of apartment houses and other rental accommodation, which we feel to be urgently needed in the present situation, and for loans for the purchase of homes.

In this current year, when housing remains under pressure because of the competition for savings from other borrowers, we are taking a number of major steps to make it possible to increase the amount of housing units being built.

The first of these was taken some time ago in changing the Bank Act to permit banks to engage in conventional mortgage lending on houses as well as N.H.A. lending. So far this has not had an appreciable effect on the flow of funds into the construction of new houses, but I am told it will an increasing effect as the year progresses and in subsequent years. The banks now are strong competitors for savings and I would expect them to play a role in the financing of housing which is consistent with their outstanding strength as a financial intermediary. It takes time for them to build up their organization for making mortgage loans and to get it fully functioning, but they should be able to play their full part within a few months time.

The second step we took this year was to approve a large direct lending program for the Central Mortgage and Housing Corporation. The Minister of Labour has given some figures to illustrate the magnitude of the corporation's program this year. Let me give some figures to illustrate the magnitude of the contribution which the treasury is making to the housing program by way of loans to the Central Mortgage and Housing Corporation. I will give you the net figures representing the amount of loans over and above the amount of repayments received. For this current fiscal year we expect these to be over $660 million. This sum is far higher than it has been in any previous year. Last year it was $489 million, the year before that it was $315 million. For the convenience of hon. members, I might insert a table in *Hansard* at this point giving the figures for the ten years prior to this year.

Mr. Chairman, may I have the permission of the committee to insert this table in *Hansard*?

The Chairman: Is it agreed that this table be inserted in *Hansard*?

Some hon. Members: Agreed.

Mr. Benson: The table is as follows:

Total Net Loans by the government to the Central Mortgage and Housing Corporation by Fiscal Years

	($Million)
1957-58	108
1958-59	336
1959-60	315
1960-61	192
1961-62	190
1962-63	102
1963-64	113
1964-65	222
1965-66	315
1966-67	489

These amounts lent to Central Mortgage are used by it for direct loans for home ownership, for loans and partnership investments in public housing, for loans for special housing for old persons, for student residences at universities, for urban development, and other matters. When the figures have been large the bulk of them have been for direct mortgage loans to individuals or builders for the construction of houses.

• (6:40 p.m.)

The government is only able to lend as much as $660 million for housing this year because it had large cash balances at the beginning of the year which can be reduced as the year progresses. Because we cannot repeat this and because we cannot put more strain on the bond market we cannot continue this high rate of lending for direct mortgage loans beyond the current year. We will continue, however, a high rate of lending which will be used, as the Minister of Labour has indicated, for public housing and other special requirements which cannot be financed in the normal way through the market, as home ownership can be.

The third thing we have done this year is to permit N.H.A. insured mortgage loans to be made at any rate of interest up to the maximum permitted by the housing act itself. This very considerable degree of freedom should enable a more competitive market to be established in mortgage lending, with rates varying according to circumstances and market conditions below this maximum. This should help borrowers to get the funds they require from investors in competition with other borrowers. It will, of course, increase

the competition experienced by other borrowers in the market, but we feel that this is essential if housing is to receive adequate capital to meet its requirements.

The same amount of competition, though different in form, would occur if by one means or another the federal government increased its own borrowing in order to provide the funds through C.M.H.C. for direct mortgage loans.

I want to emphasize that the government has not set a rate of 8¼ per cent for the interest on N.H.A. mortgages; rather, it has given the market as much freedom as it can, within existing legislation, to determine what rates are appropriate, given the conditions of the market, the situation of each particular case, and the existence of the insurance provided by the housing act. I would hope that in many, if not most, cases the actual rates will be less than the maximum authorized by parliament in the act, but we cannot be sure until we see the way the market reacts over the next few months.

The fourth step, which the government has not yet taken but has indicated as its intention, is to set in motion a serious study of urban development as a whole and of housing as one element of that development. It will be recalled that in the throne speech the Governor General stated the intention of the government to propose to the provinces that a special study of urban development be undertaken in close consultation with all the authorities concerned, and which would be of assistance to federal and provincial governments and municipalities as well as to the public generally.

In August, the Prime Minister indicated that this conference on housing was something on which we would be getting in touch with the provinces and this would be one of the most important subjects on which consultation with the provincial governments would be necessary. That is still our intention, although, as hon. members will be well aware, with elections taking place in other provinces it will be necessary to wait at least some weeks before provincial governments can be expected to participate in such discussions on this or, indeed, other matters.

I have indicated, as my hon. friend the Minister of Labour has indicated, that the housing problem is not simply one of money. Much else is involved, and almost all those other factors involved are ones within the jurisdiction of the provinces and involve very substantially the actions and financing of municipalities.

[Mr. Benson.]

Mr. Monteith: Could I ask the minister, if he has a spare copy of the table he placed on *Hansard* to let me have one.

Mr. Benson: Yes. I shall be pleased to supply the hon. member with a copy.

Mr. Kindt: Mr. Chairman,—

The Chairman: Is the hon. member asking a question?

Mr. Kindt: No.

The Chairman: The hon. member for Sudbury.

Mr. Germa: Thank you, Mr. Chairman, for giving me the opportunity to contribute to this important debate. I must also thank the government for giving us a choice of crises. We could choose between housing, wheat or the two nations concept. I wonder if that situation will continue throughout the sitting.

An hon. Member: It will get worse.

Mr. Germa: I was surprised at the attitude of the Minister of Labour in the house today. When I met him in Sudbury garnering votes he took a more benevolent attitude toward housing. He was most sympathetic at that time. His position seems to have hardened since then—mind you, he was on another mission.

I agree with his statement that housing subsidies should not be granted to those with incomes of over $10,000. If that is his attitude, why does he not make sure that government funds are used only to subsidize those who need subsidization. I agree that anyone earning $10,000 a year is strong enough to go to the open market for his funds.

I object to his assertion that the new maximum interest rate of 8¼ per cent for mortgages is realistic. It is only realistic if one thinks that housing funds should come entirely from the free market. I do not intend to accept that concept, nor do I think that housing should be at the whim of the free market. It is too important a social aspect to be at the whim of the market.

I must refute what some hon. members of the house may think. The hon. member for St. Paul's thinks that I am making these criticisms in order to make political capital. I am not trying to make political capital tonight, and I did not come to this house for that purpose. Tonight, I am here as a victim of the poor administration of this government, so far as housing is concerned.

The minister also criticized the high prices of lots in the city of Toronto, saying that serviced lots at $12,000 were too expensive for individuals to build houses on. I am in sympathy with that sentiment, but I remind him that the problem of land speculation is not new; it has been taking place on this continent for hundreds of years. Abraham Lincoln once said that no man should own or control more land than he needs to raise his family, or conduct his legitimate business. That is my attitude on land speculation. What does the minister intend to do if he is critical about land prices? Will he do something to control land speculation?

I am also surprised that hon. members here should be amazed that we have a housing crisis on our hands today. We knew about the post-war baby boom. We have watched that population grow; we have watched them pass through primary school, secondary school and university. Now, when they are in the housing market we are surprised. Surely, all that could have been predicted. Surely we could have taken steps and made preparations for those we knew were coming. This post-war population bulge is not new. It has been with us for 25 years.

When the minister hides behind the barrier of the constitution, his position is transparent. It is pretty difficult for me to go home and hand the people a copy of the constitution saying, "Here, you can hide under this to get out of the rain." So long as the federal government controls monetary policy in Canada, so long must they accept responsibility for housing. It is of social importance and much too big for municipalities or provincial governments alone.

• (6:50 p.m.)

It is clear from the evidence we have that the turning on and off of the monetary tap has produced a direct effect on housing starts in Canada. In 1965, monetary restraint led to a decline in housing starts which became apparent in 1966. Here we are, in 1967, still suffering from the effects of that policy.

I always had the impression that government funds should be directed to those people who lacked the financial strength to acquire money on the open market, particularly since the institution of guaranteed C.M.H.C. loans. However, in 1965 only 9 per cent of borrowers were in income brackets below $5,000 a year and in 1966 the situation was even worse—only 4.8 per cent of borrowers found themselves in those brackets. Yet these are the very people who most need help by way of government subsidy. It is not the people who are living on $10,000 a year who need it; they have the financial strength to help themselves. The government should be doing something to subsidize high interest rates on behalf of those in the low income brackets.

I take objection to the minister's statement that the problem is one which arises only in the large urban centres such as Toronto, Vancouver and Hamilton. I come from a part of Canada which is off the beaten track. I live in a mining community which does not have a loud voice in parliament. It has become almost a historical fact that people who are miners must endure poor housing conditions. The people of Sudbury are miners, that is a certainty, and I represent them because I am one of them; I have sympathy for them. They are a hard-working people and they deserve more out of life than they have been getting.

In a one-industry community such as Sudbury, financial shocks are not dispersed among a large population as is the case in densely populated metropolitan areas. Whenever something happens to that one industry, everyone gets a severe financial jolt. Living in Sudbury is like riding at the back of a bus, enduring a series of jolts as the economy passes through phases of boom and bust. Right now we are in a boom period economically. Yet though tremendous wealth is generated by the labours of those who often go underground before daylight and do not come up until after dark, we have not discovered a system which will turn this wealth into housing and services for those working people.

I am here tonight to ask the minister to have mercy on these people who labour so hard for so small a reward. The national scene has been covered most adequately by my hon. friend from Danforth. To bring home the true picture to the minister and show him how people are suffering as a result of government policy, I should like to deal with the local situation as I know it to be in the city of Sudbury. I do not know it from the standpoint of academic research; I know it as a long time resident and worker in the city.

Recently, a somewhat famous politician from Toronto, Dr. Morton Shulman, made certain statements about Sudbury. He said it was a slum town and that there was a pall of black smoke hanging over it. I do not necessarily reject entirely Dr. Shulman's assessment of the city of Sudbury. I reject it to an extent; he should have said that only 20 per

cent of the city of Sudbury consists of slums. There are some, the elite, the mine managers, the insurance company executives, who live well. But the average miner does not live well and the house in which he lives is part of the 20 per cent described as slums.

This classification is not a random one; the case has been documented by our city planner, whose staff has visited every home in Sudbury. On the streets of Sudbury there are 400 tarpaper shacks. This is not a "guestimate", it is the result of an actual count. These shacks were built about 40 years ago, probably, when the success of mining in the areas was touch and go and no one wanted to invest money permanently in housing. They were built to serve a need; they are still there today, and people are living in them.

To make up for the natural decay in housing stocks we need 600 new houses a year. For one reason or another, mostly financial, we have not reached that figure since 1962. One reason for this failure is that we face the third highest building costs in Canada. Instead of having developers in Sudbury we have peddlers—they make a deal and diddle around with land, then they go to Toronto or Ottawa and peddle their programs.

May I call it seven o'clock, Mr. Chairman?

The Chairman: It being seven o'clock, I do now leave the chair.

At seven o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Germa: Mr. Chairman, before the dinner recess I was attempting to cite how one city suffers from the housing situation, which up to now has been treated on a national or more general basis. As the representative of Sudbury, and realizing that my constituents have had no voice in this parliament for quite some time, I think it is important to bring to this committee the local situation so that hon. members may be apprised of the conditions in the city that I represent.

I was recounting to the committee the housing needs and conditions as they presently exist in the city of Sudbury. I think I stated that we needed 600 houses a year just to offset natural decay caused by age. Then I went on to say that we enjoy—or otherwise—the third highest building costs in Canada, and I believe this is one of the reasons that Sudbury is suffering more acutely than most other cities in Canada.

[Mr. Germa.]

I should also tell the committee about some of the distress caused by this housing shortage. Quite recently a report delivered by the local children's aid society cited a case where a man and wife and their two children were living in an abandoned automobile on the streets of the city. Other cases cited were of families that had been broken up for no other reason than that the parents could not supply the children with the necessary accommodation. These are not families the heads of which are bums or derelicts, but people who go to work every day and contribute to our society and the wealth of the nickel mines, yet cannot find the wherewithal to supply family needs. As a result, the children in these families have become a charge against the state. I think it is a false economy when we save money by withholding housing on the one hand and handing out welfare on the other.

There is also overcrowding and doubling up of families. The pressure on rents is becoming acute and they are rising to prohibitive levels. In the city of Sudbury it is possible to pay $175 for a four-room frame house. Such a house when built was probably not worth $500, it is being rented today at this price. Others, consisting of only four rooms and a path, rent for $150. I suggest it is a crime in this day and age that the city of Sudbury should be called upon to spend the sum of $14,000 a year and upwards on night soil collection to meet housing needs today, but that is the situation and it is going from bad to worse.

What is projected for the future, Mr. Chairman? I told you about the mining corporations in Sudbury. The two companies have announced—and this is on record—that within the next two and a half years they will require 3,500 additional employees. The International Nickel Company announced two days ago that they could use an additional 1,000 men, and they still need them tonight. Why are they unable to get these employees? It is mainly because housing accommodation is so tight that these people cannot or will not come to the city, plus the fact that the wage rate for these employees is such that they cannot qualify for a mortgage under the restricted plan of the government.

In addition to the 3,500 new employees which are required in the city, we also have to accommodate the service trades. For this purpose we use a multiplying factor of 1.6, which means that for each worker in the city 1.6 men are required by the service trades.

This accounts for a further 5,600 new employees in the city. This amounts to a grand total increased population of 8,100, or an increase of 10 per cent in the population over a 30-month period.

There is not one empty bed in the city tonight and yet 8,100 workers and their families are coming to the city. We have been aware of this situation for six or eight months now. The mining companies made this prediction, and the minister was in the city when it was made. Yet the situation has deteriorated in the five months since his visit; nothing has happened to meet the situation.

To give the committee an idea how tight the situation is, Mr. Chairman, hon. members are all familiar with the housing problem in Ottawa.

Mr. Nicholson: Mr. Chairman, would the hon. member permit a question? Or perhaps I should rise on a point of order. Surely the hon. member is not suggesting that we knew this five or six months ago. We heard about it in June approximately; the hon. member knows that.

Mr. Germa: I beg to differ with the minister. This announcement was made during the election campaign. The by-election was in May and the minister was in Sudbury during that month. It was at that time these figures were first projected by the nickel companies.

• (8:10 p.m.)

We should bear down a little on this subject, since the minister has shown some interest in it. At that time the minister did recognize that we had a problem. Without any urging on our part he announced that he would go to the mining companies to ask them to put up funds to supply us with 150 housing units. He asked the mining companies whether they could put up the funds or consider borrowing the money and making it available to supply 150 rental housing units. That is how serious the minister considered the situation at the time. However, that was during an election period and it is quite easy to get the interest of the minister at a time like that.

Mr. Nicholson: I rise on a point of order, Mr. Chairman. When an hon. member makes statements like that which are not true, I must rise on a point of order. I said after the election, not before, that I had made an approach to the companies. I told them that with their expected help we could be assured of provincial help. There should be no suggestion at all that politics were being played, because this was deliberately done after the election.

Mr. Germa: Well, Mr. Chairman, this brings me to the point I should like to raise with the minister. We have waited patiently in the city of Sudbury to see the results of his inquiry of the mining companies. It was not our suggestion that a minister of the crown should go begging to the International Nickel Company for funds. I guarantee that the New Democratic party would deal differently with this company. Of his own volition he did see fit to ask the two mining companies for funds. We have not heard from the minister since that day. I wish he would rise in his place and tell us what the reactions of the mining companies were to his request that they supply the funds to build 150 rental housing units. We need this desperately and we would even accept it from them at this moment.

Mr. Nicholson: I would be pleased to give the answer at any time. The answer was a highly satisfactory one. The hon. member will recall that, when I sat down with the mayor and those who had invited me to come to Sudbury, I discussed the problem and said that obviously more public housing was involved and they could accept the assurance of the federal government that I was confident we would get the co-operation of the Ontario government. I also said that, in addition to public housing, other houses were needed and that I felt that the companies concerned might make a contribution over and above what would be done by the federal and provincial governments.

I reported after the election—not during the election—and I then announced that I had received an assurance of full co-operation from the government of Ontario, that we were going to put in the number of public housing units that were needed in the year 1967 according to our estimates. In addition, the mining companies concerned were going to do their part. I said that some 800 starts would be made on houses this year. So, I must take exception when I hear a supposedly responsible member make outrageous statements like those made here tonight.

Mr. Germa: I take exception to the statement that the statements are irresponsible. I ask again how much money the International Nickel Company and the Falconbridge Mines have put up since the minister made his request of these people.

Mr. Nicholson: I simply said that the companies would make the arrangements for the housing starts which were necessary in excess of the public housing units that we had originally suggested.

Mr. Germa: I must differ with the minister because he promised us that he would increase our housing units from 400 to 800. I was a member of the housing committee in the city of Sudbury. I am an alderman there. We held a meeting of the housing committee three days ago. The housing starts this year will not exceed 600. That is the reason I have waited to see what the mining companies propose to do. Are they going to raise the number from 600 to 800? The mayor has not heard from the mining companies. The city planner does not know, the clerk-controller does not know and I do not know. Apparently the minister knows something and will not tell us.

A mining town is populated largely by working people. There is probably no other industry which employs so much low cost manpower. Therefore, we have a large percentage of low income working people. The average wage for 1965, which is the latest figure I could find in our library, is $5,175 a year. If I were to project the wage increase which we have negotiated with the mines, I would arrive at a figure of between $6,000 and $6,200 a year as the average wage in the city of Sudbury as of tonight. This is only my projection. I could not obtain any closer evaluation.

The new interest rate of 8¼ per cent will mean that a large percentage of the people in the city will not be in a position to apply for a government sponsored loan. This acute increase in interest rates can only aggravate our housing situation in the city. In fact, when the interest rate was increased the last time to the 7¼ per cent figure our provincial member for Sudbury stated publicly in the press that he was ashamed to be a Liberal. I myself am ashamed that he is a Liberal. That was his statement. I understand that Mr. Nixon, the Liberal leader in Ontario, is quite upset about the new interest rate.

It is difficult for me, as an amateur politician, to try to follow the devious and dubious tactics carried on by this Liberal government. So, Mr. Chairman, I am reluctant to go back home. The people there have expected me to do great things down here. After 46 years of Liberal rule, they said, "Go down and tell these people something, have a little chat with them". I hope I have done that tonight.

[Mr. Germa.]

All I can do is go back and tell my people, "You must bleed a little more and suffer a little more, but you still must get up at five o'clock in the morning, go down and moil in the bowels of the earth and when you come back you will live in your little shack and be satisfied." This seems to be the arrogant attitude of the government tonight.

I think it is unfair and unrealistic that the wealth produced from the natural resources of Canada cannot be converted into houses. It is the job of this government and this minister to find ways and means to supply the wherewithal so that these people—not only the people in the poor districts of northern Ontario who know they have been in the back seat of the bus for a long time—can have decent living. So far as I am concerned I cannot sit still and watch this situation continue. So, I will go back to my people and report to them on the position of the government and the minister.

• (8:20 p.m.)

Mr. Kindt: Mr. Chairman, I am glad to participate in this debate and I am pleased the Minister is in his seat. He is a congenial sort of fellow and I feel sorry for him because of the position in which he finds himself as a result of the housing situation in this nation.

Mr. Nicholson: On a question of personal privilege, Mr. Chairman, may I say that it is rather nice to hear what the hon. member has to say today, after being accused of belligerency earlier this afternoon.

Mr. Kindt: Thank you, Mr. Chairman and Mr. Minister. I do not wish to go over all the points raised by other members this afternoon. I shall attempt to put my remarks in the form of a summary.

After listening very closely to the various speeches, I decided to bring out some information on housing which has not as yet been covered. I doubt whether there is any question in the mind of anyone on this side of the house or in the minds of very few on the other side that the policies followed by this government in respect of housing have not been successful. I believe the minister would be the first one to admit that fact.

Perhaps I could have the attention of the minister if whoever it is who is talking to him would get out of the way. I am talking to the minister.

An hon. Member: Speak to the Chair.

Mr. Kindt: I am talking to the minister through the Chair. If the other fellow has not enough courtesy to get back in his own seat, I shall have to tell him to do so.

First of all the bank interest rate was changed. At that time the minister argued that an increased bank interest rate would encourage the banks to get into this housing field. He felt that this, in itself, would help to solve the housing problem. That has not been the case. I remember the argument advanced by the Minister of Labour when he increased the rate of 7¼ per cent. At that time I did not seriously object, but I felt that what he was doing would not solve the housing problem. Obviously it did not solve that problem.

The minister has now increased the interest rate to 8¼ per cent. Let me go one step further and suggest that this will not solve the housing problem. The minister is on the wrong track or in a dry hole. He would be far better off to pull up his drill and start on a new hole. In other words, the economic tactics the minister is using to solve the housing problem in Canada will not provide a solution to the situation. I am sure the Minister of Labour and those who sit on the opposite side of the house will join with me in the suggestion that these policies have not worked and will not work. It is time to begin something new.

Everyone knows that if you are going to have adequate housing in this country you must have sufficient finances. Money is still the major problem. The money lenders have this whole situation tied up so tight we are not going to have housing development in Canada if we rely upon our present banks and lending institutions. These institutions provide some of the required funds but they do not provide enough.

We on this side of the house have said on more than one occasion that we must work toward some sort of project development. The minister has referred to urban areas where there is a great deal of new development, including Vancouver and Toronto. One might well mention several others which are rapidly growing centres, like Calgary, Edmonton and so on. In these areas people want housing but are unable to obtain loans. How are they going to get them? The only way one can build a house is by having enough money to pay for it, or by obtaining a mortgage. The government must adopt some type of program to help, but so far government programs have not met the need by increasing the interest rates private lending companies are allowed to charge.

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

Mr. Kindt: I would be glad to answer your question a little later. I do not wish to use up too much of my time in that way now. Perhaps what I intend to say at this time will give the minister some clarification. We must find money for housing development, but how are we going to find it? It must be provided through government borrowing, or by the establishment of an institution such as the Industrial Development Bank. That institution, which is associated with the Bank of Canada, has helped start many industries throughout the country. As an economist, I have given some assistance in the development of these industries by helping these people to obtain loans through the I.D.B. I am sure the money involved in helping these industries start, on a high risk basis, has not added to the inflationary trend in this country. Neither has this lowered, increased or depreciated the value of the dollar. Whenever you put new money into the lending streams in the country through institutions such as the Bank of Canada you have to be very careful to maintain a proper balance. There is no way this minister or anyone else can show me how this problem can be solved unless we provide federal capital.

There is nothing wrong with the government providing capital for this purpose. This has been done in times of war and it can be done for the purposes of meeting the housing crisis through a housing development bank similar to the Industrial Development Bank. I am not concerned with the name, but it could have the authority to start projects in the various areas where there is an acute housing shortage. This institution could then start housing development projects in various areas.

The standards for these housing projects should be high and not 20 houses on a one acre plot with buildings almost touching each other. Surely, there is enough land in this country that we do not have to do that. Let me also say to the minister, in the event that he is mistaken about the possibility of such developments, that I was in the state of Virginia some time ago where a housing project was being developed with toilet facilities and the like. Many splendid houses were being built. Unfortunately Senator Bird came along and suggested that these houses were too expensive, and to lower the expense, outside plumbing was provided. Since then this outdoor plumbing has been called "Bird

houses". I should not like to see here in Canada a similar development called "Nicholson houses".

It is my suggestion that the government should participate in housing projects of type similar to the Teron development on the outskirts of the city of Ottawa. If any of you have not seen this development I suggest that you do so. The minister, instead of obtaining a group of planners to do a great deal of research, should obtain the services of some practical man like Teron, put him on the payroll and turn him loose to develop some of these projects. Mr. Teron has said that he could build these houses for $12,000 to $15,000 including landscaping, sewage and water, etc. These would be two and three bedroom units. If Mr. Teron can do this, I venture to say that the federal government could also do likewise. Certainly it is possible for this government to start housing projects of this kind under a housing authority, by making funds available at a low rate of interest. After these projects were completed, the government could then sell them to the individual, thereby turning them over for private ownership.

• (8:30 p.m.)

Instead of charging $9,000 for a piece of land on which to build a house, instead of saddling the newly married couple that wants to get a start in the world with a $9,000 lot, would it not be infinitely better for this parliament to give the government approval to buy the land and develop it in all areas where there is a critical housing situation? There need not be many projects, but there would have to be enough in order to take up the slack for the time being. If this were done, private lending money, with the contribution of the banks and the support of the government, would ameliorate the housing situation.

There is no other way in which this problem can be solved. I look the minister straight in the eye and defy him to tell me any other method that will solve the housing problem. The minister thinks he will solve the housing problem by manipulating the interest rate and then relying on the banks to lend more money. I would not rely on banks but instead, would set up a corporation that would do the job that is needed for the people of Canada. I am not a socialist—

Some hon. Members: Hear, hear.

Mr. Kindt: —but I believe that if we must have housing development we must also have the right kind of organization and the financial backing necessary in order to solve this problem. There is no sense wasting a great deal of time talking about other things. I could talk at great length about the business cycle. The business cycle, which is the reason for the attitude of the banks, is what largely prevents them from making long term loans. The minister cannot deny that. The banks are scared to put their money into long term securities. They have long been accustomed to making short term loans of six months or less, or a year at the maximum. They are not interested in putting their money into projects which will take 15, 20 or 25 years to be paid off.

This is the position in which we find ourselves with respect to the business cycle. This, in addition to other economic factors, has scared the banks away from making long term loans. The minister may, by raising the interest rate to 8¼ per cent, bring a few more dollars into this field but he will not solve the housing problem in this way. Mr. Chairman, I have probably talked more than I should. I want to give everybody else a chance to speak on this subject. Also, I want to give the minister an opportunity to ask me the question he wanted to ask a few minutes ago.

Mr. Nicholson: Mr. Chairman, I was going to ask the hon. member if he knows how the relatively insignificant amount advanced by the Industrial Development Bank to which he referred compares with the $900 million put into housing this year by the government, but I will not ask him.

Mr. Kindt: Mr. Chairman, I would ask the minister whether he has any figures in this respect. What was the figure put into housing this year by the government?

Mr. Nicholson: The budget exceeds $900 million for the year.

Mr. Kindt: That is the government's contribution?

Mr. Nicholson: That is the government's allocation, and well over $700 million has already been committed this year. I ask the hon. member, how does that figure compare with the I.D.B. figure to which he has referred, or has he the I.D.B. figure?

Mr. Kindt: That is the amount of money lent for the building of houses. If the government can provide this amount of money with which to build houses, what is the difference? The government should see to it that enough

money is provided with which to build the houses that are needed. What would this do to the economy of this country? It would not have any ill effects. There would be no inflation as a result of it. Don't kid yourself about that. If the figure the minister has suggested is correct, and this amount is being put into house construction, it is certainly not the sole cause of inflation.

Mr. Nicholson: Mr. Chairman, I rise on a point of order. I thought the hon. member had finished his remarks. Rather than ask him another question, I would simply suggest that he read the remarks of the Minister of National Revenue which will appear in *Hansard* tomorrow. The minister contributed much to the debate this afternoon and I think he answered the questions that have been raised by the hon. member. This was a supplementary speech, not a question.

Mr. Kindt: Mr. Chairman, I did not hear the last remark of the minister.

Mr. Nicholson: I said that, in my opinion, his statement was a supplementary speech.

Mr. Nasserden: Are you the chairman?

Mr. Nicholson: I rose on a point of order.

Mr. Lind: Mr. Chairman, I enter this debate on housing with a great deal of interest. Hon. members have been pointing out the seriousness of this situation. It is a serious situation, but this government and the minister in charge of housing have shown a great deal of concern for the people of Canada.

Abraham Lincoln once said that you cannot establish security on borrowed money. This government has shown responsibility in this area, and at the same time it has shown concern for Mr. Average Canadian Citizen.

An hon. Member: And the lumberman.

Mr. Lind: Yes, always the lumberman, too. It has always been of great concern to this government that the greatest number of Canadian families be provided with the facilities to obtain modest accommodation and decent housing. I have here a copy of a resolution received from the clerk of the city of London. I would ask you, Mr. Chairman, to allow me to read it into the record. This resolution reads as follows:

Whereas it has been announced recently that as a measure of economy the federal government has drastically curtailed the amount of moneys to be made available to Central Mortgage and Housing Corporation for N.H.A. mortgage purposes during the remainder of 1967 and 1968; and

Whereas the number of residential units on which construction has been started in Canada in 1967 is far below the annual national requirements; and

Whereas the federal government's decision not to increase its appropriation for housing this year can only worsen the already critical housing problem in most Canadian cities;

Therefore be it resolved that the government of Canada be strongly urged to appropriate additional funds for N.H.A. mortgages during 1967 and 1968 for residential construction in view of the now direly needed housing in Canada;

This resolution requests only moneys for residential housing. It refers to a single family house on a single family lot, or in other words a residential house for the family whose earnings are $8,000 or more, which is an upper and middle income family. Let us examine the cost factor involved in such a residential home. First, there must be taken into consideration the cost of raw land before any developing costs are incurred. It is a long, slow process to obtain a registered plan on, say, 100 acres of raw land, which would provide about 375 residential building lots.

The developer must obtain approval from at least 13 different boards at the municipal level, and must finally have his plan approved by the responsible minister in the provincial government. From the time the developer starts with raw land until the plan is approved, the cost of the lot will have at least doubled. Let us assume, for easy figuring, that the cost of the raw land is $500 per lot. Now that it has reached the stage that it is a registered lot and a registered and approved plan, the lot will have reached a cost of $1,000. Then, the developer must dedicate five per cent of the land for public uses other than streets.

• (8:40 p.m.)

A subdivision control agreement must be signed with the local municipality and a suitable guarantee or bond furnished by the developer guaranteeing that all future services will be provided satisfactorily. The developer must then proceed with the services, namely storm and sanitary sewers, water mains and leads to individual lots. Curbs, gutters and paved streets must be provided in addition to the much needed sidewalks and street lights. Now, there are additional requirements for underground hydro services and telephone lines. What do all these services add up to in cost? They increase the cost of the land from $500 a lot to between $5,500 and $6,000 a lot. At this point I would like to point out that these figures apply to the area of Middlesex and not Toronto, where the original cost of land may be much higher.

Now that the lot is completely serviced, the contractor can commence building a modest home.

Mr. Nasserden: The hon. member missed a paragraph.

Mr. Lind: Which paragraph did I miss?

Mr. Fulton: May I ask the hon. gentleman a question? First, where did he get his figures, and second, can he provide an indication as to how the federal government proposes to reduce these costs?

Mr. Byrne: Let him finish his speech. He may get there yet.

Mr. Lind: I calculated these figures from practical experience. I am not interested in indicating how the federal government is going to reduce this cost because I realize this is a municipal affair. This afternoon the hon. member for Danforth said that the federal government was responsible for the high cost of housing. I recognize this is a municipal affair, and I realize the municipalities must deal with the provincial governments.

Now that the lot is completely serviced, the contractor can commence to build a modest home. Suppose the contractor erects a 1,200 square foot home on this $6,000 lot. What has happened to the cost of this home? First, the building materials have increased in value by about 5 per cent since January 1966. In the province of Ontario 2 per cent of this increase was caused by the Ontario government's increase of the sales tax on building materials from 3 per cent to 5 per cent.

Mr. Ricard: What about the 11 per cent sales tax?

Mr. Lind: Let us suppose that a 1,200 square foot home were to cost $10 per square foot to build in January 1966. At this stage we would add the extra 5 per cent increase in the cost of materials, so that the home would cost $12,600.

Mr. Fulton: The hon. member is leaving out altogether the 11 per cent tax on building materials.

Mr. Lind: I will bring in the 11 per cent a little later. I can speak on that also, but I want to leave it until the end.

The second most important cost factor in this home is the increase in the cost of labour, both skilled and unskilled. According to the Dominion Bureau of Statistics, since January 1966 the cost of labour has increased by 29 per cent, so this would add another $1,200 to the cost of the home. It would now cost the contractor $13,800 plus the cost of the serviced lot.

The third major cost to the contractor is interest costs, administration and overhead. These costs have also increased, so we would add an additional $1,500 to the cost of the home. It would now cost roughly $15,300, plus the cost of the serviced lot.

The fourth cost factor before the family can receive this home is the legal and real estate fees which would amount to about $1,400, so the final cost of this home to the new home owner would be approximately $25,000. No family unit earning less than $8,000 a year would qualify for the purchase of this residential home.

Mr. Watson (Assiniboia): Mr. Chairman,—

Mr. Lind: This government, through the C.M.H.C., has increased the funds available for residential housing—

Mr. Watson (Assiniboia): Mr. Chairman,—

The Chairman: Order, please. Is the hon. gentleman rising to ask a question?

Mr. Watson (Assiniboia): I should like to ask a question.

The Chairman: Will the hon. member for Middlesex East permit a question?

Mr. Lind: —by $200 million during the last 18 months. However, but this extra $200 million does not provide any extra dwelling units owing to the increase in the costs of labour and materials in the building of these houses. It would be impossible to increase in any substantial way the number of residents because—

Mr. Nasserden: Mr. Chairman, may I rise on a point of order? It is obvious from the way this speech is read into the record that the hon. member is not even familiar with it, and one of the rules of the house is that speeches should not be read. We should have some ruling on that.

The Chairman: Order, please. I recognize the point of order raised by the hon. member for Rosthern and I note also that the hon. member for Middlesex East is reading from copious notes. Will he please continue his speech now.

Mr. Woolliams: Read on, McDuff.

Mr. Lind: It would be impossible to increase in any substantial way the number of residences at the present time because, first, there is not a surplus of serviced lots in our area in Ontario; second, there is not a surplus of skilled tradesmen to build these homes; and third, there are not too many people earning $8,000 able to obtain a modest house at the present time.

Some hon. Members: Hear, hear.

Mr. Lind: How many family units are eligible to qualify for a modest home in Canada? The Dominion Bureau of Statistics states the average family income is $5,939. Let us consider what the government has done for these families which do not qualify for a modest C.M.H.C. home. At the present time special N.H.A. provisions allow 6.25 per cent interest loans. I should like to read from a booklet published by the C.M.H.C. It reads as follows:

> Special NHA Provisions—6.25 per cent applies to CMHC direct loans for low-rental housing projects undertaken by non-profit corporations and limited-dividend housing companies; loans for university housing projects; loans for sewage treatment projects; loans for public housing projects and loans to provinces and municipalities to meet their share of the cost of implementing urban renewal schemes.

The Ontario Housing Corporation has taken advantage of this low interest rate. In my riding of Middlesex East 1,603 residences will be constructed for single and married students at the University of Western Ontario for a total cost of some $10 million. The federal government will provide 90 per cent of the financing.

Some hon. Members: Hear, hear.

Mr. Lind: In other words, we will provide $9,032,000, while the Ontario Housing Corporation will provide $1 million. This student housing project will supply much needed living accommodation for the students of the University of Western Ontario. Let me state that it is my understanding the Central Mortgage and Housing Corporation has made loans this year to the various housing authorities throughout the Dominion of Canada to the tune of many millions of dollars for similar projects.

• (8:50 p.m.)

Let us not forget that this federal government helped to provide funds for Ontario Housing Corporation to build public housing in other areas. Even in Bramalea, we helped them to purchase some 1,600 lots.

An hon. Member: It was 1,300.

Mr. Lind: This Liberal government has always been the friend of the man who carries his lunch pail.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Lind: My concern is for the family that earns $6,000 a year or less. There are hundreds of thousands of families that fall into this category. They have every right to demand comfortable, modest homes. If local, municipal authorities will set up non-profit corporations, they can borrow from the federal government, at 6¼ per cent interest, 90 per cent of the funds necessary for non-profit housing projects in their local areas.

The federal government is interested in these projects in this area. The federal government is providing the means for local municipalities and provincial governments to look after the families of this country earning less than $6,000 a year.

This afternoon we heard the hon. member for Brome-Missisquoi say that our minister had been travelling up and down the country in attempts to establish housing authorities. The question was asked, what is happening in the province of Quebec? Since the relevant legislation was brought down I understand that the federal people have been petitioning the province of Quebec to come into public housing, to provide housing for the people of Quebec. The legislation was passed in 1964. I was informed that the department was in contact with the Quebec officials until June 29, 1967.

An hon. Member: Lesage refused it.

Mr. Lind: I point this out because it takes a long time to sell the members of the provincial government of Quebec anything.

I am sure that hon. members realize that this government has a good record in housing. Allow me to place on the record a table of housing starts in Canada over the last seven years. I am looking at page 134 of the fourth annual review of the Economic Council of Canada. In 1960 we built, in Canada, 109,000 units—of which 67,000 were single, detached units, 30,000 apartments, and 12,000 in other categories. In 1961 we built, altogether, 126,000 units; in 1962 we built 130,000 units; in 1963 we built 149,000 units; in 1964 we built 166,000 units; in 1965 we built 167,000 units; in 1966 we built 135,000 units; and in the first six months of 1967 we had 90,926 units under construction.

An hon. Member: Is that not inadequate?

Mr. Lind: This government has an excellent record in housing, yet we are not satisfied. We will continue to search out ways and means—

Mr. Woolliams: Yes, by increasing the interest rate.

Mr. Lind: —to help the wage earners of Canada obtain suitable, comfortable houses.

Mr. Keays: May I ask a question. Having heard the learned discussion embarked on by the hon. member for Middlesex East—

An hon. Member: Ask the question.

Mr. Keays: If my colleagues will bear with me I shall try to reach it. The hon. member gave figures showing the increases in housing costs during the last four years. Knowing full well that he knows a great deal about costs of lumber and building material, will he not say that the cost of houses in Canada has increased by 30 per cent in the last four years? That is the figure he has just suggested.

An hon. Member: He should know.

Mr. Lind: I talked about four years ago.

Mr. Keays: The hon. member spoke of the additional cost of labour and building materials. If one adds sales tax and all the other charges against housing one ends with a figure showing a 30 per cent increase in housing costs over the past four years.

An hon. Member: Let him look at his speech again.

Mr. Nielsen: He read it but did not understand it.

[*Translation*]

Mr. Valade: Mr. Chairman, it is fitting that as a member representing the Canadian metropolis, I should express certain thoughts on the problem before us, namely the housing situation throughout Canada and especially in the city of Montreal and in the province of Quebec.

Mr. Chairman, I want to say to the member for Middlesex East (Mr. Lind), who just resumed his seat, that I intend to reply to his statement about the non-participation of the government of Quebec in the program of urban development, construction of new houses or slum clearance.

If the hon. member for Middlesex East will kindly remain in his seat, I intend to enlighten him about facts he might not have been aware of and it is obvious that he was not because when reading his text he did not know where to put a full stop. I would have told him that if the province of Quebec did not participate with the federal government on a large scale in urban renewal or housing projects in the province of Quebec it is because from 1960 to 1966 a Liberal government was in office there and in the field of housing it failed completely to meet its obligations toward the population. It was necessary to wait until the coming to power of the Union Nationale government, when, through its minister of municipal affairs, Hon. Paul Dozois, it reached an agreement with the present government and set up the Quebec Housing Corporation.

Were the remarks of the member for Middlesex East as encouraging for his party as the minister believes them to be, he should then have told us, and insisted on the fact, that there is a current housing shortage in Canada of some 300,000 units. That is to say, some 300,000 families will have to wait till the minister realizes the housing situation is serious in Canada.

The minister asked us this afternoon,—and I feel sorry for him—asked us, of the opposition, actually to do his work. He told us: I ask the opposition not to criticize the minister, not to criticize the government; I ask the opposition to make suggestions to us.

In all the years I have been sitting here, I have never heard a minister admit so candidly his incompetence, his inability to manage the affairs of his department.

We are not here to bestow flattery on the minister or to express thanks to the government. Indeed, I do not think there should be even one Canadian who should feel compelled to say "thank you" to any government; for we are not here to get thanks but just to see that problems are solved. That is the reason why we have been elected by the people.

It is not difficult for the government or for the minister to say, as the latter said this afternoon: What can we do? The housing situation is serious.

• (9:00 p.m.)

[*English*]

I want to quote the minister at this point. He said, if I remember his words correctly, that any country growing as fast as Canada was bound to have a housing problem and that the government was dealing with this problem as it arises. This means that the

minister has a 24-hour policy to deal with these urgent matters. He does not attempt to forecast the amount of increased housing which is required by a growing population; he tells the people of this country that he and the government intend to settle these difficulties as they arise.

I would not like to be labelled as a member of a 24-hour policy government, though I think this is the kind of government we have had during the last six years. This is why we are running, as my hon. friend from Bow River said, from crisis to crisis. I say it shows lack of a sense of responsibility. Moreover, when the minister tells us that this is a situation which has only just arisen, he is not speaking in accordance with the facts.

Two years ago, in 1965, *La Presse* of Montreal, another well known paper *Le Devoir* and even the *Gazette* printed articles in the month of January underlining the urgent need for action in the field of housing by the present government. This was two years ago, so the situation has not arisen overnight as the minister suggested. The excuse made by the minister in this regard cannot be accepted by us.

I recognize the hon. gentleman's difficulty. His colleagues across the way think that power is theirs to own as of right until they grow old and retire. I do not agree that this is the case, but because of complacency on their part they are not putting their full weight into the execution of their duties. As an example, let me remind hon. members that the minister told us this afternoon that the problem was not so much a lack of houses as the presence of too many people in this country. I wonder what the Minister of National Health and Welfare would say about that. I think it would be more appropriate for him to convey to his colleague responsible for housing the idea that what we need is not a housing policy but birth control pills for the Canadian people.

These are the kind of arguments used by the minister this afternoon. I am sure they do not suggest answers of the kind the Canadian people want at the present time. I am not speaking in any partisan way; I am speaking for those many thousands of people who are wondering what is to happen to them tomorrow in the area of housing activity. It is because this matter is so serious that we asked early this week for an immediate debate on the subject. The government was not ready; they had not written out their speeches. The hon. member for Middlesex East has just read us his own. I would not have thought it necessary to force the government to take action with regard to housing. The minister promised us that by 1970 there would be 200,000 units of new housing in this country. If we can judge from past promises and the results of last year when the number of units built declined by 32,000, I do not think we can rely on the promises the minister made today in this regard. The situation is so serious that people from all walks of life and in all sectors of activity have for months, if not for years, been telling the government about its urgency.

I can understand the bewilderment the public must now feel, because, like me, they may have been reading the pamphlet which the Liberals put out across the country during the election campaign. The first article in this pamphlet says the Liberal government is determined to "fight the poverty which unfortunately still exists in some areas despite general prosperity". The writer adds: "The plan is ready".

Is the plan ready, Mr. Chairman? Can the minister tell us whether the fight against poverty involves the lack of housing? Does it mean a constriction of the funds available to working class people for the purchase of homes? Members of this house are asking whether the minister really told the truth during that campaign or whether what was said then was merely part of a political propaganda offensive.

[*Translation*]

Mr. Chairman, housing gives rise to a problem which is so serious that the reports of the Economic Council of Canada, whether it be the third review of November 1966 or that of September 1967, show the seriousness and the importance of this matter.

• (9:10 p.m.)

I know that this has probably been mentioned by other members, but I still want to stress it and draw it to the attention of a government which, it seems, does not intend to consider and read the considerations published in the report of the Economic Council of Canada.

I would like the hon. minister to heed what the Economic Council of Canada has to say in its fourth report which was distributed to us recently. Chapter 9 is entitled "Policy Implications" and deals with the economic policy and policies to assure an adequate expansion of housing. Under that chapter it is stated that:

> Of all the major sectors of the economy, none will have to grow more rapidly than housing—at least to 1970, and perhaps even throughout the

1970's. This is a matter of major national importance if a growing housing shortage is not to become a serious national problem.

Greatly increased physical resources will therefore be required in this field, including a substantially enlarged working force with appropriate skills and considerably enlarged capital and residential construction capacity. A large and sustained volume of residential mortgage financing will also be required.

Here are the exact words of the report which cost a great deal of money to the Canadian people and which points out to the government and the minister responsible for housing the seriousness of the situation and the ways of correcting it.

Mr. Chairman, the report continues by warning legislators against the tendency to use this industry as a cyclical readjustment factor. As a matter of fact, one can read:

The use of housing as an economic regulator should not be continued to such an extent in the future.

This means, obviously, that housing, housing credit and the administration of the Central Mortgage and Housing Corporation have always been linked to the needs, the economic incentive which was necessary for the government to keep abreast and avoid a widespread depression. We are warned against this practice.

I fully agree with this report because there is a growing awareness of the fact that the housing factor is no longer an economic regulator; it has become a factor in itself, a social factor, and a most urgent one.

If we do not settle this problem, if the government beats around the bush, tries to find excuses and defers its decisions, well, Mr. Chairman, we will not be surprised to note before long perhaps a very unfavourable reaction of the people to the government and the confidence that the people should place in their administrators.

The minister is fully aware that the Economic Council of Canada is not the only one to have cautioned him against the present situation; it also happens that briefs have been submitted to him from all quarters.

As an example, I should like to mention the one published in the press recently by the provincial Association of Quebec Home Builders Incorporated. In a press release that I take the liberty of quoting, the president of that important association cautioned the government against the situation which is facing us today.

[Mr. Valade.]

I am reading this release, Mr. Chairman, because I consider it most important:

The president of the Provincial Association of Home Builders, Mr. Fernand Boissé, of Sherbrooke, objects to the do-nothing policy applied to housing by the Ottawa government. Since August 12, mortgage loans are practically suspended which brings almost to a standstill the operations of the home building industry.

Once again, the government, by its haphazard policy of granting occasional loans and interrupting them suddenly, is causing serious prejudice to the population—which cannot find decent lodging at the present time—and to the whole industry.

It is useless—continues Mr. Boissé—for the minister responsible for housing to proclaim the urgency and the seriousness of the housing problem if, at the same time, he eliminates the loans without which builders cannot build for the public.

In the past two years—

And I emphasize what the president of the association noted:

In the past two years, residential housing has slowed down as a result of credit restrictions and the shortage of housing is reaching a critical stage while demand is constantly increasing. The absence of a rational policy in the field of housing will have led to that incredible situation: in a country as advanced economically and technically, the public cannot find decent housing because of government lack of cohesion in the matter of mortgage financing.

Mr. Chairman, I end my quotation here to show the minister that if I quoted those words, it was to point out to him that the problem has been with us for two years and that the government has been helpless or unconcerned in the face of a situation which was growing worse from day to day.

Evidently, arguments have been put forward to the effect that there was also, in the field of housing, a provincial and municipal responsibility. We all recognize the responsibility of the lower levels of government in that field. Indeed, the Ontario government recognized it by creating its own organization; the Newfoundland government also set up its own agency and recently, the Quebec government established the Quebec Housing Corporation, an act which came into force yesterday.

If we admit that the provincial and municipal authorities are responsible in the field of housing, that is no excuse for the inertia, the incompetence and the inability of the minister to see to it that those lower levels of government accept and assume their responsibilities.

Mr. Chairman, like some of my colleagues, when I see in my riding families who live in crowded tenements, in dusty cities, in houses which can be destroyed overnight by fire—I

was unfortunate enough to witness such a fire where two children I knew very well died—I cannot but feel sorry about the fate of those people. That is why I think the federal government, whose responsibility it is to co-ordinate action, to incite—if the minister will accept that word—to stimulate, to wake up the lower levels of government if they will not assume their responsibilities in that field, should do something all the same.

It is quite obvious, Mr. Chairman, that the province of Quebec has not yet, as it ought to have done, taken adequate steps to alleviate the appalling housing conditions which prevail. As the representative of a city of almost two million people or over, I just cannot accept the fact that in a section covering hardly two square miles, there should be over 80,000 people who are more or less decently housed and of whom at least 50,000 live in decrepit houses or lodgings. And though there may be, in a certain executive field, related administrative duties and interwoven responsibilities—call them whichever name you like —still, I think it is the duty and the responsibility of the men who have been elected to represent the people in this assembly, to draw the attention of the lower level governments to a problem to which they do not appear so far to have been giving enough consideration.

I am sure, Mr. Chairman, that the province of Quebec could have done much better than it has to date for, of the 12,000 units—

• (9:20 p.m.)

Mr. Mongrain: Mr. Chairman, would the hon. member allow me a question?

Mr. Valade: If the hon. member does not mind, I will hear his question when I have used up the time allowed me.

If, of the 12,000 housing units financed in Canada recently Quebec has managed to build only one low rental housing project, namely the Dozois project of 796 units, I feel it proves beyond a doubt that the Liberal government which succeeded the Union Nationale in 1960 in the province of Quebec has generally failed to meet its obligations and responsibilities, because the Dozois project is the only low rental housing project in the city of Montreal to have been planned and built under the former Union Nationale administration.

When Mr. Lesage and his so-called sensational team came to power, nothing was done to rectify and remedy the tragic housing situation which now prevails in Montreal.

Many factors are responsible for the present housing shortage across Canada and particularly in the province of Quebec. First—as mentioned in the reports of the Canadian Economic Council—there is of course the scarcity of money; the increase in the lot prices due to speculation; the famous 11 per cent tax on building materials which the government insists on maintaining; and also the failure of the federal authorities to show leadership.

Of course, economic factors are involved. If this government had kept its promise when it came to power two years ago, and if it had ensured that so widely heralded prosperity, I think that today many more workers would have the means to buy a house. Under the circumstances, I think that it is our duty to suggest corrective measures or at least solutions.

Before making suggestions to the minister, inasmuch as he asked for our assistance in this field, I should like him to tell me whether he is really sincere and responsible when he says that he wants to take all the necessary measures to rectify the present tragic housing situation. Can the minister give us his assurance that he will contribute to the settlement of that problem? Is he ready to remove the 11 per cent sales tax on building materials? He would show good will, a really deep feeling for the people who elected this government and he would also recognize a need. I should like the minister to tell us whether he is prepared to go that far.

I should like him also to tell us why the government has left the interests accumulate to the point where the lending rate is almost prohibitive. I do not know of any family head earning an average salary of $6,000 or $7,000 a year who can buy a house, make his monthly payments, pay the interest, pay back the principal, pay the municipal and school taxes, the local improvement taxes and also maintain his property. The minister knows full well that it is not realistic to ask a head of a large family or a man with only a few children to make ends meet with the continued increase in the cost of living, which this government is unable to curb.

Does the minister really believe that the policies which he is now elaborating are of such nature as to improve the situation? I do not think so, because it is humanly and materially unrealistic.

The attitude of the present government is so different from the election promises made by our friends opposite in 1965 that I would

like to refer to the statement made by the Prime Minister (Mr. Pearson) on November 3, 1965 in Lindsay, Ontario, I believe, as reported by the Canadian Press:

> A government must anticipate, to make sure that very high prices will not counterbalance the advantages of prosperity.

Imagine the inconsistency of those promises with the rise of the interest rate.

Mr. Chairman, I would have liked to make other contributions and suggestions to this government, since the minister has made us such a request, but when one considers that in the province of Quebec, and particularly in Montreal, we have spent over a billion dollars to realize a magnificent project, a project extremely favourable for Canada, namely Expo '67, it is morally forbidden to let working families rot in poverty when they are expecting government assistance to allow them to have a home of their own.

[*English*]

Mr. Nicholson: Mr. Chairman, the hon. member for Sainte-Marie, who has just spoken asked me a question. He asked whether the minister would consent to the abolition of the 11 per cent sales tax. I should like to point out that the minister does not have the authority to consent, even if so disposed. I would also like to point out that during years when funds were available for housing, namely the three years that followed the imposition of the 11 per cent sales tax in 1963, notwithstanding the tax, we had steady increases in housing starts and completions every year. There were record years of completions in 1964, 1965 and 1966.

Mr. Keays: But you need twice as many.

Mr. Valade: Mr. Chairman, I rise on a point of order. I do not know whether the minister was asking a question or making a statement. I do not know why the minister should have the opportunity to make a statement after a member speaks unless he wishes to pose a question and desires an answer.

Mr. Nasserden: I have a question of privilege, Mr. Chairman. Just a few minutes ago we heard a minister say that there were record starts in the years 1964, 1965 and 1966. A few minutes earlier his colleague said that they had gone down by—

The Chairman: Order. There is no point of privilege.

Mr. Mongrain: Mr. Chairman, I rise on a question of privilege. During his speech the hon. member for Sainte-Marie cast some reflection upon what he called minor governments. I should like to pose a question to the hon. member for Sainte-Marie because I was a representative of the mayors for several years.

[Mr. Valade.]

The Chairman: Order, please. The posing of a question is not a question of privilege. Also the time allotted to the hon. member for Sainte-Marie has expired. The hon. member for Verdun.

Mr. Mackasey: Mr. Chairman, first of all, I do not know whether I am completely accurate in suggesting that the hon. member for Sudbury made his maiden speech here today. In any event, this was the first opportunity I have had to hear his contribution in the House of Commons. I am sure he will be an excellent and welcome addition to the New Democratic party. I am particularly pleased because he introduced many new socialistic tendencies to that party at a time when I thought the party finally was endorsing private enterprise. I was beginning to feel sorry for the leader of that party who is not here this evening.

I approached this debate with a degree of apprehension—and of interest because the question of housing is indeed a serious one. I would say it is an urgent problem in Canada today; I have no hesitation in making that statement. But, frankly, being serious by nature, I was equally interested in seeing the new look of the Conservative party. I do not know just what was supposed to have been injected into that party, but if the quality of debate we have heard today is any indication of what we are supposed to hear from that party in the future I can only repeat that famous slogan of the House of Commons, they are nothing more than the same old gang.

Since I am not by nature partisan I would much prefer to speak to the question which is before us, the question of housing.

Mr. Nielsen: Nobody else over there has.

Mr. Mackasey: I am glad to see that the hon. member for Yukon has come back. He is the kind of member I enjoy; he likes hard hitting debate and I am looking forward to the winter months when the two of us will match blows. I think he makes a better speech standing than when sitting, and I would appreciate it if he would refrain from interjecting until he is really accepted back into the establishment along the front benches.

• (9:30 p.m.)

Mr. Nielsen: The way Benson is going I will go back home.

Mr. Mackasey: Mr. Chairman, I think it is obvious to all of us that there is, in this country at least, a very irksome problem that is worrying hon. members. Having listened to the debate today I have come to the conclusion, and I mean this in all sincerity, that the urgency of the housing problem in the low and middle income brackets, varies from district to district.

I had hoped, as part of the new political look, that the members of the Conservative party might have commenced this debate by saying they realized that the housing situation in Canada has been aggravated by the unprecedented prosperity that has existed in this country since 1962. It has been aggravated as well by the tremendous influx of immigrants who have realized that the Liberal party is back in power and that this is once again a land of opportunity. Since they have not done so, I presume they know we all realize this and do not want to be redundant.

As is often the case, the hon. member for Brome-Missisquoi began his remarks by saying he did not want to make a partisan speech and then proceeded to make personal reference to the parliamentary secretary to the Minister of Labour. I wish he were here tonight. I was glad to listen to his contribution in the house, particularly since the last time I saw the hon. member, he was prognosticating over the C.B.C. during the time of that well known recent convention, predicting the outcome on the basis that he was going to deliver the balance of power to a certain candidate. Unfortunately, he delivered that balance of power to the wrong candidate, and I hope he will be back in favour very soon.

Mr. Ricard: You are out of order.

Mr. Mackasey: I guess I am out of order and I will return to the housing situation, Mr. Chairman.

An hon. Member: You would be better to stay away from it.

Mr. Mackasey: I tried without much success to list several of the main points expressed by that hon. member. I wrote as quickly as possible but was unable to get them all down because of his fiery style of oratory, which is the envy of all of us I am sure. I did manage to write down 12 of his suggestions. I went to the reading room during the adjournment and found that eight of them had been the subject of rules, regulations and statutes of the House of Commons for many years. I might have expected this kind of error on the part of the hon. member for Northumberland, who last year in debate made it obvious he did not realize that at that time banks could not enter the mortgage field. Today, however, the hon. member came up with some very good ideas, particularly one, namely that the government copy the United States government and consult with our institutions of finance in this country, to see if by some moral persuasion the government could persuade these institutions to help in the field of housing. This particular type of encounter between the government and private enterprise did take place last March and April. Thanks to the persuasive powers of the present minister in charge of housing, we did obtain from private lenders more of a direct contribution on a per capita basis than did our counterparts in the United States under the plan of President Johnson.

Mr. Nielsen: What is the interest rate in the United States?

Mr. Mackasey: My very good friend, and I am glad to see him in the house obviously the picture of health, the hon. member for Danforth, made the same speech again for the fourth time. I am glad because this makes it easier to anticipate the arguments. One thing did surprise me slightly about the speech of the hon. member for Danforth and the speech of the new and vigorous member for Sudbury was that they felt that because of this kind of emergency in the field of housing, we could completely disregard the constitution of Canada. They both said, in essence, to hell with the B.N.A. Act, it is not really important because we have a housing problem. They suggested the government should be involved in low rental housing without discussing this with the provinces.

Some hon. Members: Oh, oh.

Mr. Mackasey: That is precisely what was said. Perhaps I am paraphrasing a little but you can check this out to make sure I am correct.

What was said by that new representative of the party that has finally recognized a special status for the province of Quebec? I do not know how housing fits into this special status for the province of Quebec, but I should like to remind this house that the New Democratic party has now discovered that special status. I say this because about two

weeks ago during the height of the Conservative convention, I read a letter to the editor of *Le Devoir* which would indicate that this party had discovered the principle of special status. The hon. member for Greenwood wrote a beautiful letter to the editor of *Le Devoir* in which he stated that he wanted the French Canadian people to realize that the New Democratic party was the first party of any in the federal field to recognize this special status. I still do not understand how housing would fit into their concept of special status. In any event, if one listened to the hon. member for Danforth, he would obviously be aware that we are going to have a housing problem of a completely different nature in la belle province. That may be good for housing, I do not know. As a matter of fact—

Mr. Lewis: You know that is not true.

Mr. Mackasey: Those who want to know the real definition of special status as discovered by the N.D.P., and their attitude toward the housing problem, should read the speech made in the House of Commons on May 16 by that same hon. member for Greenwood. In the final analysis you may find their definition of provincial rights to be more restrictive than is presently the case.

There has been a lot said today about housing, particularly with regard to people in the medium income class, including young executives and intellectuals. I will refer to the workers in a minute. I come from that class myself and I feel—

An hon. Member: And you look it.

Mr. Mackasey: Yes, I look it and I am not ashamed of it like some Tories apparently appear to be. I don't give a damn for the $25,000 per year supporter of the Tory party, nor whether he can find a house as long as I can find adequate housing for the lunch pail carriers in my riding. They are my concern.

Mr. Fulton: Don't run away with yourself, Bryce.

Mr. Mackasey: Mr. Chairman, the hon. member should be careful of his public image to which we have been exposed for years. That image is likely to go out the window if an intellectual such as he decides to interrupt and interfere from his seat. You have a public image now, and you have a responsibility.

Mr. Fulton: Don't worry, our boys are not particularly concerned about—

[Mr. Mackasey.]

Mr. Mackasey: Don't let your image go to your head. Please be calm. Don't get excited. You should co-operate or co-ordinate your housing committee a little better.

Now that we have got over that little bit of interruption, let me refer to last Saturday's edition of the Montreal *Star*. I sat thinking that if I were a young executive in Montreal and wanted to find a house to live in, would I have any success. As has been mentioned here today, many young couples are starting out in life and want to obtain a little bungalow on a piece of land 50 feet by 100 feet. I was wondering where I could find such a property in that big, bustling metropolis of Montreal.

In looking at the Montreal *Star* I first found an ad for a five and one half room bungalow at $13,530 in Chateauguay, which is a village 15 minutes from Dorchester street, with payments of $82 a month. Another firm advertised three and four bedroom bungalows for $15,399. The ad suggested that one should hurry because there were only 1,000 left. If one preferred a duplex in St. Laurent at $39,000, which means about $19,000 per unit, a few of those can be found right in the heart of old French Canada.

In the event that some individuals on the other side are contemplating a move to la belle province during this 100th year of confederation, when so many individuals are endorsing federalism, let me refer them to this ad. It refers to a house called the Californian which sells for $18,000 with a 6¾ per cent interest rate and a cash down payment of $990. Finally, Mr. Chairman, before someone over there has a heart attack because I am not moving along fast enough, there is another house advertised here.

• (9:40 p.m.)

This next example shows just how important Ross Thatcher is. You can buy a house called "Saskatchewan" for $13,990, with a down payment of $475. Just in case hon. members think that in the question of housing we are forgetting the Quebec nationalists, we find a house called "Quebec" that sells at $16,150 with a tremendous down payment of $800. We have other models ranging from $13,000 to $18,000.

Mr. Enns: Mr. Chairman, would the hon. member permit a question?

Mr. Mackasey: Yes, because I like to hear a good fellow.

Mr. Enns: My question is simply this. I should like to ask the hon. member how long he thinks he would have to spend in the reading room to find ads for the 250,000 houses that he is describing.

Mr. Mackasey: Is the hon. member asking whether there are 250,000 such homes available?

Mr. Enns: I believe there is a demand for and a shortage of houses to that extent at least.

Mr. Mackasey: Mr. Chairman, I was so impressed by the arguments advanced today by the opposition, which arguments were so well documented, that there were absolutely no homes available in this category in the great metropolitan area of Montreal that I went to find out for myself what the figures were.

Mr. Enns: There is no crisis?

Mr. Mackasey: The hon. member is getting like the hon. member for Kamloops, who has left the chamber to get a tranquillizer. However, Mr. Chairman, there is a serious note to this debate. Perhaps my happy mood tonight will counterbalance the debate we have heard from the other side of the chamber. Hon. members opposite have been extremely critical of our housing policy, but they should be more factual in their remarks. I suppose the new look over there has unfortunately not had time to develop. One would think that the chairman of their committee would have pointed out the excellent work carried out by C.M.H.C. We should have heard of the advantages of having this great corporation rather than the completely misinformed statements to which we have been subjected today.

The hon. member for Brome-Missisquoi said that the parliamentary secretary to the Minister of Labour will again rise and hide behind the constitution. I have not had the experience of the hon. member in being a demagogue. I have not had the chance to go across the country and take my own, unofficial poll on the sex life of the tsetse fly or what the big problem is in Vancouver or Winnipeg. I have not had the advantage of the weekly bulletins that have been issued when the hon. member has discovered that Vancouver is worried about pollution, Saskatchewan is worried about external affairs, and deep in the heart of Montreal somebody is worried about separatism.

An hon. Member: You sound like an auctioneer.

Mr. Mackasey: I am worried about the constitution, and unlike the hon. member for Brome-Missisquoi, I respect it. There is a fundamental difference here. All of us who have sat in this House of Commons have heard innumerable speeches by the hon. member for Brome-Missisquoi in which he has defended the right of the province of Quebec and other provinces, and castigated the government for injecting themselves into the affairs of the provinces and now disregards those rights.

Mr. Nielsen: What about housing?

Mr. Mackasey: All right.

An hon. Member: We haven't seen the hon. member for Yukon for one year.

Mr. Nielsen: But when I speak, I contribute something to the debate, unlike the hon. member who has just interjected.

Mr. Mackasey: Mr. Chairman, I do not want the attitude of the committee to become belligerent. In all fairness to the hon. member for Yukon, I would point out that he is a perfect example of how we should conduct ourselves in this House of Commons. So I am on his side; other hon. members should leave him alone.

Mr. Nielsen: Let us talk about housing.

Mr. Mackasey: Somebody said that the province of Quebec is finally establishing a housing corporation. I think the hon. member for Sainte-Marie pointed out that in the years 1960 to 1966 the Lesage government would not do any such thing and now, after the enlightened separatist government came into power in the province of Quebec, they will get every nickel possible out of the federal government by having funds funnelled into the province. In the Tory years you had no housing problem because the people stayed in the country and on the farms. They were not inclined to leave the farms, realizing the degree of depression that existed in the big cities. That is the big difference between those days and today.

The minister told the house this afternoon that eight of the provinces have now established what might be called housing authorities or housing corporations. At least they are provincial government bodies working largely in complete co-operation with the federal government.

The minister in charge of housing in Quebec, Hon. Paul Dozois, is a capable and excellent man. He realizes the necessity for low rental housing in the province of Quebec. He realized this necessity back in the 1950's, and there is in that province what is known as the Dozois plan, or Dozois development, which provides adequate housing for hundreds and hundreds of families in the low rental categories. He is a strong Canadian and a strong federalist. I point this out because I may have created the impression that all members of that government are Noël Tremblays.

But not one single housing corporation at the provincial level was established prior to 1964. Where was this great degree of co-operation between the years 1958 and 1962? Where was the respect for the rights of the provinces in those years? Why did not the great Tory provinces get around to forming housing corporations in those years? They did not do this until there was in Ottawa an enlightened Liberal government.

The facts are there for all to see. The hon. member for Winnipeg South Centre likes his facts to be precise. He is looking at me now with both eyes, for a change. The Newfoundland and Labrador Housing Corporation was established in 1966. The Nova Scotia Housing Commission was established on April 6, 1966. The New Brunswick Housing Corporation was established on July 1, 1967. The Quebec Housing Corporation, Société d'habitation du Québec, was assented to on June 29, 1967, and became operative on September 27, 1967. The Ontario Housing Corporation was established on May 8, 1964. The Manitoba Housing and Renewal Corporation was established on June 21, 1967. The Alberta Housing and Urban Renewal Corporation was established on April 11, 1967. The Prince Edward Island Housing Authority was established on April 7, 1966.

Despite these facts, the hon. member for Brome-Missisquoi rises in the house and accuses the minister of running back and forth across the country holding meetings with the provinces, with nothing to show for his efforts. All the minister has to show for his efforts is six or seven new housing corporations.

Some hon. Members: Hear, hear.

Mr. Mackasey: These housing corporations and authorities have been established because we have enlightened legislation. Because of the policy of this government we will be able to do something to solve this problem. We will be able to provide low rental housing and housing renewals. Not one person in the opposition congratulated the minister today for not having increased the interest rate on loans for low-rental houses. Not one member of the opposition has noticed that the money available for low rental housing in this country is still at an interest rate of 6¼ per cent. Why did not somebody mention that fact?

If we want to respect the British North America Act in this country, if we want a country—this is the point—everybody must make a sacrifice, and this includes the English separatists as well as the French separatists. If we are to respect the B.N.A. Act and provincial jurisdiction in the field of housing, the name of the game is co-operation. Three levels of government merged to produce Expo, and three levels of government will merge to solve the housing problem. The three levels of government are going to merge right across this country to wipe out slums and eradicate mediocre housing. This can be achieved if we take advantage of the legislation, not that we will adopt but which already exists.

There is not a member in this House of Commons who does not feel as I do in this respect. Sometimes you get a call on Friday night or on Saturday, or a phone call from a constituent who wants to find a senior-citizens home and says, "Is there a home somewhere to place my parents? My mother and father want to live with us, but my home is too small and we do not have anywhere to put them." There is no way in which I can answer this question. We do not have a single, solitary housing development for senior citizens in a city of 90,000 people. This is a shame but it is not the fault of the federal government. There has been sufficient money but, as the minister pointed out time and time again and as has been stated by previous speakers, there has not been one single solitary project brought before the federal government—and I presume the same has been true of the opposition when it formed the government—by the provinces that has ever been refused. The moneys available for low rental housing on the federal level have never been exhausted in one calendar year.

• (9:50 p.m.)

So let us remember and let us be factual. There is a housing problem and I am not proud of it. This government, like all other governments, must do something about it. However, this is a worldwide problem. I have often been accused of a slight leftist tendency which makes me look from time to time to

the little group in the corner and wonder why they are so misguided in other areas. So I went to the library and I said to myself: perhaps we can learn from Sweden. This socialistic haven may have been able to solve this problem. It is a small and compact country. Its people are used to regimentation, they are used to socialism. They do not really have to use the thought process. There cannot be a housing problem in Sweden, I thought. However, I found to my surprise that the waiting list for houses is getting shorter; you only have to wait between five and six years for a house. That is an improvement when you compare it with Poland, for instance.

The problem is a worldwide one but it does not mean that we do not have a responsibility to do something about housing. What we have to do is to establish priorities and find out who is important and who needs the housing. Many speakers on the other side of the house have said—and unfortunately their remarks got lost in their partisan attitude—that we must do something for the little man with the lunch pail. It is hard to shed tears for the young executive making $28,000 a year who cannot find a mortgage at 6.25 per cent. I stay away from the executive page in the Montreal *Star*, the $40,000 and up category. There are many of them. But we need low rental housing.

Let us eliminate the term "public housing". It is degrading, to my way of thinking. Not being an intellectual, an engineer or an architect, I can never understand why public housing has to be so ugly, why it cannot be more functional and why we cannot have a little grass growing around it. Why is it that a man who earns $100 or $120 a week is not entitled to decent housing? The provision of decent housing is the moral obligation of the government and we have no right to shift it to the provinces or the municipalities. We are not trying to do so. We are trying to co-operate, and this is the reason why the minister, particularly in the first three months of the year, travelled from one end of the country to the other setting up housing corporations. So the mechanism and good will are there, but the demand for this type of housing must be generated by the people on the street, the people at the civic level who have a moral responsibility through the church and social groups to look after their neighbour. It is a grave responsibility, and yet when one goes to city council meetings, as I do—and I am sure this is true all across the country—one finds only eight or nine people present there. One can understand then the despair and frustrations of the old people because they cannot find homes since there are not enough convalescent and low rental homes available. These places do not have to be shacks. Let us look at Habitat which we are proud to show the world. We are trying to do things in this country but we will not get anywhere if the attitude of the opposition is completely negative and partisan. We have not heard a single, solitary suggestion from the other side except for the one made by the hon. member for Northumberland who said we should use moral persuasion on insurance companies. That is his great idea for the future. Other proposals came from the hon. member for Brome-Missisquoi who filed eight or nine suggestions that are two or three years old and already on the statute books.

I just received a note from the Central Mortgage and Housing Corporation stating that their pamphlet is out of date. However, that is not too important because the principle is the same, namely that there is money and there always has been money for low rental housing. What we want to do is rid the country of the prejudice that surrounds the name of public housing. We want to cease equating public housing with poverty, degradation and second class status. We want to make our low rental housing projects in this country attractive and a compliment to the working man. It is not the 8.25 per cent interest that is the burden in housing, as the hon. member for Sainte-Marie said in one of his few moments of rationality. It is the taxes on the municipal level for schools that fall on the home owner. The day is rapidly waning for the hope that all of us have of living on a piece of land 50 by 100 feet with a nice little cottage on it and a few tomato plants growing in the backyard. It is impossible. There are no more lots left on Dorchester street or Sherbrooke street in Montreal. If you want that dream, you have to go back to the country and when you get back to the country you are faced with the tremendous cost of building facilities for education. It is a vicious circle. It is not a problem that one level of government can settle. It is a problem which has become a national emergency. I do not know if the minister will agree with that. Nevertheless, in times of national emergency we should not fight, bicker, and pass the buck. The time has come for complete co-operation among the civic, provincial and federal jurisdictions. Fortunately, through the foresight, intelligence, integrity and eloquence of the minister, practically every

province in Canada today has finally established a provincial housing corporation the medium through which we will eradicate the slums of Canada.

Mr. Irvine: Mr. Chairman, I see that I do not have much time left and I think I should congratulate the hon. member for Verdun for that non-partisan speech which he promised us and delivered to us. Perhaps he will excuse me for being slightly partisan in the minute or so that is left to us today. However, I have no intention of blasting the minister. I think that, along with many members on this side of the house I can say we have a great deal of regard for him and for his capabilities. However, we must realize that he is an overworked man. It is not his fault that he was saddled with this responsibility for housing. We know that within the terms of reference of his portfolio there is plenty of work for any man even though his capacity may be great to carry out his duties in that respect. Nevertheless, the housing policy has suffered, I think. I do not believe we can blame the minister for that.

I was very interested tonight to hear the hon. member for Middlesex East mention the resolution that was passed by the council of the city of London. It is recognized at the present time in the city of London that there is a shortage there of some 4,000 dwelling units. They are quite concerned, and I am sure everybody in the house is concerned about the fact that throughout Canada there is a shortage of some 25,000 residential units.

This is what we are considering here now. I hope we will have an opportunity to carry on this discussion a little further some time in the not too distant future and to discuss this problem in greater detail. I am concerned about the effect of the increase in the maximum interest rate upon the average person who makes less than $8,000 a year, not the man who is fortunate enough to be in the higher income bracket. What will happen to him, because with the higher interest rate naturally the valuation of all homes will increase the inflationary pressures which exist today? When it does, the man living in the low rental home will have to pay more by way of rent. Naturally, the money coming out of his pocket will remove him from that utopian condition of having his own home.

• (10:00 p.m.)

Is the home, the private dwelling, becoming uneconomic? I do not think so. The minister ought to consider that. Particularly, he ought to consider the fellow in the lower income bracket. How is he to have a home of his own?

I note some restlessness, Mr. Chairman. May I call it ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacEachen: It might be helpful if I announced the business for tomorrow and next week. Tomorrow we propose to deal with legislation, the resolution on emergency gold mining assistance which is No. 34 on today's order paper. After that is completed, we propose to take the resolution on postage rates, No. 33 on today's order paper. On Monday we propose to move that Mr. Speaker leave the chair for the house to go into committee of supply. This will allow hon. members to move an amendment. When that debate is concluded we propose to resume the budget debate and that resumed debate is likely to begin on Wednesday of next week and will continue for the remainder of the week. That is the present plan. I foresee no change. If there is any necessary change, I shall advise hon. members.

Mr. Fulton: May I ask the minister, to avoid any misunderstanding, whether it is not intended to call third reading of the bill on the manpower and citizenship advisory council?

Mr. MacEachen: No.

Mr. Fulton: I asked that to avoid misunderstandings.

Mr. MacEachen: We shall not call it tomorrow or next week, no.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

ESTATES GENERAL OF QUEBEC AND FRENCH CANADA

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, last June I asked the Minister of Justice (Mr. Trudeau) about his participation and that of the federal Liberal party, as well as of the federal government to the Estates General of Quebec which will be held late next November.

It is a known fact that the Estates General will bring together 2,500 delegates who will study in committee the problems of Quebecers and Quebec.

Mr. Trudeau: On a point of order, Mr. Speaker. The hon. member tells us that last June—

Mr. Grégoire: Mr. Speaker, I believe it is precisely against standing orders to raise a point of order at this time. I think it has always been acknowledged that no point of order could be raised at this time.

The Acting Speaker (Mr. Tardif): Order. It is not the custom to interrupt the member who has the floor and in view of the fact that the time allotted is only seven minutes, I feel that questions could be postponed until the time is up.

Mr. Grégoire: Mr. Speaker, the minister will certainly have the opportunity to reply; in fact, he will have three minutes to reply.

So, I consider strange this refusal of the government or of the Liberal party or of the federal Liberal members from Quebec, except the hon. member for Lotbinière (Mr. Choquette) who has agreed to attend the meetings of the Estates General, the object of which is precisely to consider the problems of the Quebecers.

It is known that at their meeting in Montmorency House, the federal Liberal members were told by Reverend Father Arès, a Jesuit well known for his concern for national questions, that they have been too aloof from the main events that have occurred in Quebec recently.

And they still do since, generally speaking, the federal members of parliament refuse to take part in as important a meeting as that of the Estates General to be held next November.

It is therefore astonishing to hear the hon. Minister of Justice tell us, as if he no longer knows what is going on in Quebec and how the thinking evolves: If they have suggestions to make and amendments to propose to the constitution, let them do so. But he does not have any to make, precisely because he shies away from the events and the changing mood in Quebec. He stays far from it and does not participate in the life of present day Quebec; that is why he has no suggestions to make. He has no plans to amend the constitution, and merely says: If anyone has suggestions to make, let him make them.

But when one makes suggestions—and that is what is going on right now, in the case of all the suggestions made to the hon. Minister of Justice—the hon. minister merely rejects them and does not make any of his own.

I say, Mr. Speaker, that if the hon. Minister of Justice, whose mission, whose role is precisely to attend to constitutional changes when they are indicated, were to follow more closely what goes on in Quebec at the present time, if he met Quebecers oftener, he would know what amendments are indicated.

Perhaps it is because he was elected in an English-speaking riding in Montreal that he seems to neglect the point of view of the French Canadians. I feel, Mr. Speaker, that the hon. Minister of Justice, as a man in public life and a Quebecer of French extraction, should take part in the Estates General. He should attend the meetings, participate in the discussions and hear the various points of view which will be expressed. What will be the conclusions thereof? I do not know, since the Estates General have not yet met, but I think it would be profitable for the Minister of Justice to hear and discuss all those suggestions at the Estates General. I also think that it would be more useful for him than to argue that Estates General are a backward step and only those who are elected can speak on behalf of the people.

No, Mr. Speaker, it does not only rest with those who have been elected to speak on behalf of Quebec citizens; it rests with the Quebecers themselves to speak on their own behalf. It rests with the Quebecers to speak for themselves and this is what they are going to do at that meeting of the Estates General which includes delegates of every constituency, of all classes of society and of every association.

• (10:10 p.m.)

In concluding, I invite the minister to change his mind and to allow the Estates General to have access to all documents, statistics and research which might have been made by the federal government in the past. By making all those available to the Estates General, I think that it will give the best opportunity to study the Quebec problem, since this has been organized quite seriously by a group of honest men who really want to study the Quebec problem fully.

The Estates General will elect, as I said earlier, people from all walks of life and every part of Quebec. The organization was

set up in earnest and I think that the Minister of Justice would benefit by taking part in it.

That is why I invite him to change his mind in that respect, to recognize the wonderful work accomplished by the Estates General up to date, to take part in it, to voice his opinion and to make available to that organization all the research and statistics facilities of the federal government.

Mr. Trudeau: My Speaker, my point of order dealt with the allegation of the hon. member for Lapointe (Mr. Grégoire) to the effect that his question of last June concerned the participation of the Liberal party in the Estates General, whereas it referred to something entirely different. As a matter of fact, it was about statistics to be supplied by the federal government to that organization.

I feel, therefore, that he is clearly misusing the standing orders so as to deal with anything and everything when it suits his convenience. That is why I have no advice to take from the hon. member for Lapointe who is lacking in sense of sequence.

He is also anything but well-read and has a very bad memory. He says that I failed to make any suggestions to amend the constitution. I must tell him that hardly three weeks ago, at the convention of the Canadian Bar Association held in Quebec city, I made very specific suggestions to amend the constitution, to ensure its gradual rather than disorderly evolution and development.

These propositions, Mr. Speaker, are the only definite propositions made by a government in power in this country to amend the constitution.

So, there are people who have been making haphazard and contradictory propositions, for a very long term but, our government excepted, no one has yet suggested a definite formula for the orderly and progressive development of the constitution.

As far as the Estates General are concerned, in *Le Devoir*, day before yesterday, in a paper read to the delegates who are to sit on the Estates General, I see that the right and the duty of French Canadians to be equal to other people is being proclaimed.

Mr. Speaker, in my speech to the Bar Association, I suggested a way through which French-speaking Canadians could obtain equal rights with English-speaking Canadians. This suggestion has been rejected and even ignored by the hon. member.

Mr. Grégoire: Even by the right hon. Prime Minister.

[Mr. Grègoire.]

Mr. Trudeau: What I should like to know—I beg your pardon, the right hon. Prime Minister did not reject it.

What I should like to know, and I hope the Estates General will at long last let us know, is how they will go about achieving that equality of the French Canadians with other peoples. We are still waiting, we are even awaiting a concrete speech from the hon. member for Lapointe, something specific, a constitutional document, an amending formula with certain specifics, which would enable us to sit down and study. But, until now, we have heard almost nothing but words.

[*English*]

NATIONAL PARKS—WASKESIU, SASK.—POSSIBLE RETENTION OF TOURIST CABINS

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I regret very much that the Minister of Indian Affairs and Northern Development (Mr. Laing) is not in the house tonight as I should like to discuss a matter which comes under his jurisdiction. However, I shall take this opportunity to present my case for the Waskesiu townsite national park in Saskatchewan. I would be failing in my duty as a member of parliament, whose constituents are involved in this matter, if I did not do so.

Waskesiu was dedicated by the late prime minister of Canada, W. L. Mackenzie King, as a park for the use of the average Canadian. It was never intended as a rich man's paradise. The original intention of Mr. King with regard to this park has been carried out in that it has largely been used by Canadians of modest means. They have made use of the magnificent setting of Prince Albert national park to erect tents, portable cabins and what are popularly known as shack tents.

Shack tents in reality are collapsible, are readily stored, have wooden walls and a canvas roof. Many of these cabins or shack tents have been passed from father to son and so on. They have been improved and decorated, and in many instances become difficult to recognize in that the improvements have been so vast that the original canvas roofed shack tent is no more. Instead, you might see a gleaming example of what modern technology can do.

The important thing is that Waskesiu provided many thousands of citizens with an opportunity to have an exciting outdoor

holiday at minimum cost. The portable cabin and shack tent dwellers have been the backbone, the mainstay, of Waskesiu, and in view of this you can imagine the shock and disbelief of Waskesiu enthusiasts at the announcement of the Minister of Indian Affairs and Northern Development.

In place of the camping area, the shack tents, the portable cabins, even the commercial Waskesiu bungalow cabins, a new recreation area and a new group of so called low cost motels is to rise. As a result of the grandiose plans of the minister the tennis courts, bowling greens and other excellent recreational facilities will disappear. In other words, no longer are the needs of those who have made Waskesiu the holiday home it is today to be considered by the minister.

By some strange survey the minister has decided that the one day visitor, the one day transient, is the one his department should woo. This is the decision, even in the face of the fact that the gates of Prince Albert National Park are between 250 to 300 miles from the trans-Canada highway. So, by his decision, the minister is ignoring completely the rights of the present users of Waskesiu. No longer, with the implementation of this plan, will a shack tent owner be able to pass the ownership on to his son; no longer will it be possible for a portable cabin to be passed on to a beneficiary or sold.

In many cases the owners will be faced with losses amounting to $5,000, $6,000 or $7,000, and all of this is to satisfy the whims of the Minister of Indian Affairs and Northern Development. What is the purpose behind this scheme? Surely it is clear that the purpose is to banish the shack tent, the portable cabin and, later, larger cottage owners, because it is noted that no provision is made for relocation of the shack tents or cabins. It has been said that there is no place to put them. Yet, only 30 acres are involved out of over 30,000 acres which are available in the park in the Waskesiu town site. Lake Waskesiu alone has many areas where cabins could be relocated or, alternatively, where the day camp proposals of the minister could be put to the test.

Make no mistake; if you remove and banish the people who are the backbone of Waskesiu, you destroy the true purpose for which Prime Minister Mackenzie King inaugurated the Prince Albert National Park. The minister should reconsider the plans which were so hastily conceived. Surely, it could not have been his intention to hurt first of all those shack tent owners who can least afford a change. Without Waskesiu many will be unable to afford any summer holiday. I find it difficult to believe that the minister will press forward with such a policy without the benefit of sober second thought. I bring this to the attention of the minister, and I ask him and his officials to consider this issue which is very serious indeed in the province of Saskatchewan.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I should like to assure the hon. member opposite that his remarks this evening were timely and I will draw them to the attention of the minister on his return to the house. There are, however, a couple of points I should like to make today in view of the hon. member's remarks.

Our national parks have been established for the preservation of Canada's marvellous wilderness as our national heritage. It is the desire of the government of Canada to make the parks freely available for the use of all Canadian citizens. The increase in the number of good highways in the last few years has made a large number of Canadians more aware of the national parks and has given them an increasing desire to visit them. Due to this increase in attendance in the national parks, existing facilities definitely have become overcrowded. Therefore, new facilities must be created for the highly mobile type of park visitor that is the norm in this country today. The position of the shack tent dwellers in Waskesiu is a highly privileged one in that they have been allowed to maintain what is, in effect, a private dwelling for some years.

I should at this time emphasize that no existing shack tent dweller in the park today will be displaced. They will continue to be granted leases on a year to year basis so long as the existing tenant or his or her spouse wish to remain there. What the department has said, however, is that no new people will be allowed to obtain leases of this type in the parks. Shack tent camping is a privilege that will rest with the individual and cannot be considered an interest vested in either the structure or the land. A tenant, therefore, cannot be allowed to assign or transfer his lease to somebody other than his or her spouse.

Mr. Speaker, this is a decision that has been discussed at great length in parliament, in our committee and in the press; it is believed to be the right one. Both the minister

and I firmly believe that a national park is the property of all Canadians and should be available to visitors from all parts of the country. We have gone to great pains to assure those people now holding special shack tent privileges in the park that they will be allowed to remain there as long as they renew their leases annually.

The formation of new private dwellings of this nature, however, would be incompatible with the philosophy of the use of the national park and the increasing need for camp site space for the mobile traveller. It is for this reason that the government believes, in the interests of the public of Canada, that the shack tents must be phased out by natural attrition over the years.

May I say, in conclusion, that the government at all times welcomes the advice of the public and is willing to receive representations from all interested parties including the hon. member.

• (10:20 p.m.)

POWER—COLUMBIA RIVER—ALLEGED DELAY IN FEDERAL PAYMENTS TO B.C.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on September 26 I asked the following question as reported in *Hansard* at page 2482:

Mr. Speaker, I wish to address a question to the Minister of Energy, Mines and Resources. In view of the fact that Hon. W. A. C. Bennett, premier of British Columbia, is publicly condemning the government of Canada for failing to pay the $12 million owed to British Columbia for completion of the Duncan Lake dam by July 31 of this year according to the agreement between the federal and provincial governments with respect to the Columbia river treaty, can the minister inform the house of the facts with respect to this intriguing question?

I asked that question because the people of British Columbia are somewhat confused as to what are the facts. I wish to quote briefly from the agreement signed by the government of Canada and British Columbia on July 18, 1963 in relation to the Columbia river treaty. I find the following in clause 15:

Canada and British Columbia will consult as required on technical and other matters of mutual interest with a view to facilitating the implementation of the treaty, avoiding disputes and carrying out this agreement.

What confuses the people of British Columbia is that Mr. Bennett apparently is not taking advantage of that clause in the treaty, but is publicly condemning the federal government. The Vancouver *Sun* of May 11, 1967 suggests that Mr. Bennett, when asked for his opinion of the treaty, said that the thing at

[Mr. Haidasz.]

fault was that the treaty was signed too quickly. He blamed the federal authorities for the arrangement made with the aluminum company for a dam on the Arrow lakes which was three times better than the one provided by the treaty.

The premier of British Columbia officiated recently at the opening of the Duncan lake dam which was completed earlier than anticipated. This is what he had to say according to the Vancouver *Sun* of Friday, August 18 in its report of this ceremony:

Premier W. A. C. Bennett officially unleashed the water behind Duncan dam—

At the same time, he unleashed his wrath against Ottawa for failing to pay him $12 million in exchange for flood control benefits in the U.S.

Ottawa, he charged, has defaulted on a term of the Columbia River Treaty under which the Duncan dam was built.

And he offered to lend the federal government the money he claimed it owes B.C.

"I offer to lend it to them if they're so hard up," he told reporters immediately before the dam dedication ceremony here.

"Without interest," he added.

Then the newspaper went on to say:

Such was the private wrath of the premier Thursday as he issued his angry charges in stage whispers to reporters attending the event.

He said later:

"This is supposed to be a picnic atmosphere," he told a crowd of about 300 from atop the dam.

"So I won't make any speeches."

The article says later:

"I want to make it clear," he told reporters privately before the luncheon, "that it is not the U.S. who defaulted. It is Ottawa."

He said that, although under the treaty the U.S. is required to pay flood control benefits to the Canadian government, it is Ottawa who is supposed to pay B.C.

He went on to say:

"It's always Ottawa that's to blame," he said.

These are the premier's criticisms of the treaty in the first instance. I have a photograph in my office in which the premier of British Columbia is shown clapping his hands vigorously while the treaty is being signed by the President of the United States at the Peace Arch in British Columbia, on the U.S.-Canada border.

This has created a great deal of confusion in the public mind. In the agreement there is a clause that permits for consultation on these technical and legal matters in order to avoid disputes. Yet the premier of British

Columbia is going around the country blaming the federal government in the first instance for signing the treaty anyway, and latterly for failing to pay the $12 million that he claims is owing his province in respect of the early completion of the Duncan dam.

I trust that when the parliamentary secretary replies he will inform the house of the facts, because the people are confused and want to know the truth with respect to this agreement and Premier Bennett's statements.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I am informed that the facts with regard to this situation are as follows. The British Columbia Power and Hydro Authority brought the Duncan dam into operation on July 31, 1967. This dam is the first of three to be completed as part of the Columbia river undertaking.

Article VI (1) C of the Columbia river treaty provides that the United States shall pay to Canada in United States funds the sum of $11,100,000 upon the commencement of operation of the Duncan dam. This payment was not made by the United States to Canada on the date on which it fell due which, as I have indicated, was July 31 of this year. I understand that the authority to make the necessary payment is contained in an appropriations bill which has not been passed by the congress of the United States.

The importance which we attach to receiving this overdue payment at the earliest possible date has been urged on the United States government. The Secretary of State for External Affairs (Mr. Martin) recently spoke in this sense to Mr. Rusk. He also pressed a claim for interest covering the period since the payment fell due on July 31. While the United States authorities may not view the latter in exactly the same light as we do, we believe they share our anxiety to avoid further delay. Moreover, we are now following up our claim for interest in Washington.

The obligation of the government of Canada in this case consists solely in taking all steps necessary to protect Canadian interests by ensuring that the terms of the Columbia river treaty are carried out. This obligation is being fulfilled by this government. The Secretary of State for External Affairs has been in touch with the premier of British Columbia in order to keep the premier abreast of developments on this matter.

Motion agreed to and the house adjourned at 10.32 p.m.

HOUSE OF COMMONS

Friday, September 29, 1967

The house met at 11 a.m.

FOOD AND DRUGS ACT

MISLEADING ADVERTISING—AMENDMENT EXTENDING PROTECTION TO TOBACCO CONSUMERS

Mr. Barry Mather (New Westminster) moved for leave to introduce Bill No. C-154, to amend the Food and Drugs Act.

Some hon. Members: Explain.

Mr. Mather: Mr. Speaker, the purpose of this bill is to extend the Food and Drugs Act provisions which protect the consumer in the fields of food, drugs and cosmetic products against misleading advertising, so that in future the consumers of tobacco products will also have that protection.

Motion agreed to and bill read the first time.

• (11:10 a.m.)

PRIVILEGE

MR. WINKLER—FAREWELL MESSAGE ON RESIGNATION FROM HOUSE

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I rise on a question of privilege today to say to the house that I hope in my ten and a half years as a member I may have made some responsible contribution to the annals of this historic parliamentary institution. I should like to thank every member in every part of the house for their co-operation and for the friendly associations I have had during this time.

I wish also, Mr. Speaker, to express my gratitude for the co-operation of departmental officials and of every staff member of the House of Commons, as well as recognizing the co-operation of members of the press gallery. Last but not least, Mr. Speaker, I wish to thank you for the tolerance and patience as well as the courtesies you have extended to me.

May I hope for future blessings on this great country and on all those who work with pride and dedication for its future. And now, Mr. Speaker, I bid you all au revoir.

Some hon. Members: Hear, hear.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to say to the hon. gentleman that I do not rise to wish him well in the reasons that cause him to leave this house, but I do wish to say to him that we have appreciated the way in which he has conducted himself as an individual in this house. We wish him good health and prosperity in all those things dear to him except his treasured ambitions in political life.

Mr. Winkler: Mr. Speaker, I have just one friendly world in reply. The good services of my future office will be available to the minister as well as to everyone else.

Some hon. Members: Hear, hear.

EXTERNAL AFFAIRS

VIET NAM—SPEECH AT UN BY EXTERNAL AFFAIRS MINISTER—VISIT TO CANADA BY ALLEGED STUDENTS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question which I should like to direct to the Secretary of State for External Affairs. Perhaps the minister has noted the question I put to the right hon. Prime Minister yesterday. At that time the Prime Minister said the Secretary of State for External Affairs would reply this morning, and I am wondering whether the minister would care to do so now.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have not seen the question, because I returned very late. Would my hon. friend repeat it?

Mr. Nesbitt: Mr. Speaker, if I may I should now like to put the question to the minister. In the speech the Secretary of State for External Affairs delivered at the United Nations last Wednesday he urged a cessation in the bombing of North Viet Nam and declared that "there is no hope for progress toward a peaceful settlement in appeals or proposals which place the total burden on one side only."

I should like to ask the Secretary of State for External Affairs whether the government is planning to follow up this statement with

negotiations or discussions with the other parties involved, which negotiations or discussions are designed to bring about an improvement in this most dangerous situation. In particular I should like to know whether any new overtures are being planned to the authorities at Hanoi or their allies to end the flow of troops and war materials from North Viet Nam to South Viet Nam should the bombing cease.

Mr. Martin (Essex East): Mr. Speaker, the Canadian government urged that there be a stop in the bombing because at the present time it is of the view that this is the only way to test the willingness of North Viet Nam to enter into negotiations and consultations with other countries in an effort to bring about an accommodation. This was the policy that was pursued before we publicly asked for a stop in the bombing, and this will continue to be the government's policy.

I should add that, as the house already has been informed, the Prime Minister responded positively to an invitation put forward by the president of the world federation of the United Nations associations for a meeting at Geneva of the two co-chairman countries, Britain and the Soviet union, together with the commission powers, Canada, Poland and India. We have passed on to the other invitees the reaction of the Canadian government to this invitation.

Mr. Nesbitt: I have a supplementary question. In view of the fact that some hon. members, myself included, still find the minister's answer a little equivocal and bearing in mind that the minister said that appeals to one side alone are not sufficient, is the minister suggesting that he is appealing to the United States to stop the bombing of North Viet Nam without any concession by the other side, in other words without any halt to the flow of troops and war materials from North Viet Nam to South Viet Nam?

Mr. Martin (Essex East): The answer to that is yes, and there was nothing equivocal in the first response.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to congratulate the Secretary of State for External Affairs for his adoption of a policy this party has put forward before. Is he now able to tell us whether, on the basis of our contacts with the régime in Hanoi, there is any reason to believe that a cessation of the bombing might in fact lead to negotiations?

[Mr. Nesbitt.]

Mr. Martin (Essex East): In the declaration I made at the United Nations I was not enunciating new Canadian policy, but, for what I believe to be sound reasons this was the first time that policy had been stated in that particular way in public. Having regard to the immediate question, we consider that an end to the bombing must be regarded in the present circumstances as the key to the solution, or a starting point in the process of solving this regrettable situation in Viet Nam. Hanoi has said that only after the bombing has been stopped would it be in a position to indicate what would follow. It seems to us that the only way to test North Vietnamese willingness to enter into negotiations is to stop the bombing.

Mr. Nesbitt: Mr. Speaker, in view of the minister's reply to the hon. member for Greenwood, can the minister indicate how long he thinks we should have to wait for a reply from Hanoi should the bombing stop?

Mr. Martin (Essex East): I am sure my friend recognizes the limitations of that question.

Hon. Marcel Lambert (Edmonton West): I have a supplementary question. A report has been made that the minister had a discussion with Secretary of State Rusk prior to his speech at the United Nations, in which he may have informed him of the general tenor of his remarks. Is the minister in a position to confirm this, and can he assist the house by indicating what may have been the reaction of Dean Rusk?

Mr. Martin (Essex East): On September 7 I met with Mr. Rusk in Washington and once again stated the position of the Canadian government on this question, particularly with regard to the question of bombing. On the same day in New York I also discussed the matter with his ambassador, Mr. Goldberg. I did not on that occasion indicate the position we would take in the United Nations, but both the Secretary of State Rusk and Mr. Goldberg were advised before I spoke of the course the Canadian government proposed to take.

I have no indication as to what the official reaction is, but there have been wide indications from all over that this seems to have been the correct step and perhaps well timed at this particular period.

Mr. David Lewis (York South): Mr. Speaker, I have a supplementary question arising out of a question addressed yesterday

to the Prime Minister. The Secretary of State for External Affairs may not have had an opportunity to read yesterday's *Hansard*. My question relates to the visit of three North Vietnamese students to Canada. The right hon. Prime Minister said yesterday that subject to further examination he thought the government did receive a query about this visit from the United States.

In view of the fact that reports today indicate that the United States authorities deny having made any such inquiry, could the Secretary of State for External Affairs clarify the situation, since these United States authorities claim that the Canadian government took the initiative of informing them about the visit rather than the other way around?

Mr. Martin (Essex East): Mr. Speaker, it is true that the Canadian government took the initiative. We informed the government of the United States of the decision.

Mr. Lewis: A supplementary question, Mr. Speaker. May I respectfully ask the minister why it was necessary for a sovereign country like Canada to inform United States authorities of the fact that we were admitting in the normal way, on normal visas and passports, three visitors from a country with which we have that kind of exchange? Was there any reason for the United States authorities being informed and for this explanation being given?

Mr. Martin (Essex East): Mr. Speaker, I think the circumstances involved in this matter, which include the deep involvement in Viet Nam of the United States, a close friend of Canada, warrant the view that one conducts a successful foreign policy by observing the courtesies that one would expect from a friend.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to put a supplementary question to the Secretary of State for External Affairs.

The minister pleased many Canadians, I would even say the majority of Canadians, when he made his statement to the United Nations that bombings should cease first. Did he have any reactions from the American authorities in the attitude taken by the minister on behalf of the Canadian government, on behalf of all Canada? If he has had some reactions, what were they?

Mr. Martin (Essex East): Mr. Speaker, I wonder if I understood correctly the hon. member's question. Did he ask me whether I had reactions from Canadians or from other countries?

Mr. Caouette: From the American government.

Mr. Martin (Essex East): Mr. Speaker, we have not yet had any official reaction from the government of the United States, but at the United Nations, I had reactions from other members of the organization. And as I just told the hon. member for Edmonton West (Mr. Lambert), I have given notice through our ambassador in New York of our intention to ask that bombings should cease.

[*English*]

RHODESIA—POSSIBLE REVIEW OF CANADIAN POSITION ON SANCTIONS

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I am sure that by now the Secretary of State for External Affairs appreciates that he has been welcomed back to the house after his absence. My question also is for him. Will the Canadian position on Rhodesian sanctions be reviewed in the light of the call from three African states to end United Kingdom curbs against Rhodesian trade?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I said in my statement on Wednesday at the United Nations that Canada had fully complied with the security council directives with regard to sanctions against Rhodesia, that we were awaiting the report of the secretary general as to the effectiveness of these sanctions, and that if they were not satisfactory we would be among those who would urge further sanctions to bring an end to the régime in Rhodesia.

Mr. Johnston: A supplementary question, Mr. Speaker. In relation to the commonwealth meeting rather than to the United Nations, what new measures will Canada suggest to the seven nation committee, which includes Canada, already set up to consider new measures against Rhodesia?

Mr. Martin (Essex East): Mr. Speaker, this matter was discussed the other day in the sanctions committee in London. I would prefer to wait until we have the report before giving an indication of what further sanctions might be employed.

Inquiries of the Ministry

GREECE—SUPPORT FOR RESTORATION OF POLITICAL FREEDOM

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is for the Secretary of State for External Affairs. I regret that I have not given him notice of it and if he prefers to take it as notice I will be quite happy.

The question is as follows. Will the Canadian government join the Council of Europe and certain European NATO countries, among which I believe are Denmark and Norway, in making a protest to the government of Greece against certain breaches of human rights and the suppression of political freedoms in that country?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Canadian government has had the opportunity on a number of occasions to discuss this matter with representatives of the government of Greece. We share the view that the restoration of parliamentary freedom in that or in any other country is a desirable objective which has received and will continue to receive Canadian support.

FINANCE

CONSIDERATION OF TAXATION REPORT BY JOINT PARLIAMENTARY COMMITTEE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is addressed to the Secretary of States for External Affairs, since he is leading the government today. I will put to him this question. Would the government give earnest consideration to the referral of the Carter commission report on taxation to a joint committee of the Senate and the House of Commons prior to the formulation and publication of the white paper? This is in accordance with the decision by the Minister of Finance to defer the submission of briefs.

I make an urgent plea to the minister to take this under consideration, and perhaps when the Minister of Finance comes back next week they will be in a position to answer that point.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to take this question as notice.

[Mr. Martin (Essex East).]

ADMINISTRATION OF JUSTICE

ALBERTA—INQUIRY AS TO APPOINTMENT OF JUDGES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I should like to put a question to the Minister of Justice. In view of the fact that there are a number of judicial vacancies in the Alberta courts, will appointments be made in the very near future?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, the vacancies exist in the sense that the Alberta legislature created them, but as the hon. member knows I am not in a position to recommend that they be filled until this house adopts amendments to the Judges Act. I hope this will be done as soon as possible, in this session if we can find time.

AGRICULTURE

REQUEST FOR EXTENSION OF FEED GRAIN FREIGHT SUBSIDY TO ONTARIO PRODUCTS

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): I have a question for the minister of forestry. In answer to a question of mine the other day, as shown on page 2550 of *Hansard*, the Prime Minister promised to discuss with the minister the desirability of extending the feed grain freight assistance program to the southwestern Ontario feed grain producers, particularly the corn producers, to assist them during the present depressed conditions of the grain corn market. I should like to ask the minister whether this discussion has taken place, and can the corn growers look forward to some measure of assistance through the good offices of the Canadian livestock feed grain board?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, some weeks ago this problem was raised with the Canadian Livestock Feed Board administration and I understand that yesterday they had a meeting with Mr. Standing, the secretary of the Ontario winter wheat marketing board. As soon as any decisions are taken I will inform the hon. member through the normal channels.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a question for

the Prime Minister of which I gave him notice, but since he is not here I will put it to the Acting Prime Minister.

I should like to ask the Acting Prime Minister whether Mr. David DePoe was carrying out his functions for the Company of Young Canadians this week in Montreal when he criticized the administration of McGill University?

Mr. Speaker: Orders of the day.

EMERGENCY GOLD MINING ASSISTANCE ACT

PROVISION FOR EXTENSION OF APPLICATION

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to extend its application to the years 1968, 1969 and 1970.

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

• (11:30 a.m.)

Mr. Johnston: I rise on a point of order, Mr. Chairman. The committee is being asked to consider a resolution that extends the application of gold mining legislation for the next three years into the future without the presence in the committee of the Minister of Finance, who has been attending a most important conference in which the whole subject of the world gold market arose. Just this morning there was the headline—

The Chairman: Order. I suggest to the hon. member that if he wishes to proceed he should state his point of order now.

Mr. Johnston: My point of order is that this resolution should be delayed until such time as the Minister of Finance returns to the house to give a statement.

The Chairman: The hon. member has no point of order.

[*Translation*]

Mr. Pepin: Mr. Chairman, since 1948 the federal government has been giving assistance to the operators of gold mines considered uneconomical under the Emergency Gold Mining Assistance Act.

The legislation, passed in 1948, has been renewed several times since, in 1951, 1952, 1953, 1955, 1956, 1958, 1960, the last amendment dates back to 1963 when the act was

extended for a period of four years, that is until December 31, 1967. Therefore, it is urgent to introduce today a new amendment.

Last year, during the winter, and quite recently, the government undertook to review the situation in order to know whether the legislation which we are dealing with today was still necessary, in what terms, at what price and at what level of subsidy.

The representations made by the gold producers, by mining associations and delegations from the mining municipalities concerned, in Quebec and Ontario in particular, have been of great assistance to us in carrying out that review, and we wish to thank the groups that came forward.

[*English*]

Excitement and romanticism have been associated with the early development in Canada of the gold mining industry. In the last century placer gold was found in the Cariboo district of British Columbia and in the Klondike in the Yukon. I was in the Yukon recently to visit the latest mining development and spent some time in and around Dawson City, where my grandfather lived at the time of the rush and where he died some 20 years after. It is unbelievable that gold should still be extracted from these same sands.

In the early part of this century, Mr. Chairman, lode gold—that is gold found in hard rock—was discovered and developed at Kirkland Lake, Timmins, Val d'Or, Malartic, Red Lake, Yellowknife and other places. The gold mining industry was a pioneer in the development of much of Canada's north. It became a major element in our mining industry, and gold had the greatest value of any metal mined in Canada for three decades following 1920. The year 1941 was the year of greatest production. In that year the industry produced about 5.3 million ounces, worth about $206 million. At that time the total value of mineral production in Canada was about $560 million; so $206 million for gold alone out of just over half a billion, gives a good indication of the importance of gold mining in those years.

Following world war II, however, the rate of expansion of the whole mineral industry in Canada increased, slowly at first but then more and more rapidly. By 1966 the mineral industry had become a giant in this country, with a total production of slightly over $4 billion. Unfortunately gold mining did not participate in the post-war expansion to the

same degree as did other parts of the industry. The main reason for this is the simple fact that cost of labour and supplies increased while the selling price of gold remained fixed.

I understand that my hon. friend the hon. member for Villeneuve will probably have something to say about the "stability" of the price of gold.

Furthermore, Mr. Chairman, few new discoveries were made, and gold mines were forced to rely mainly on known ore zones and their possible extension for their production.

It should be added here that the industry undertook to increase its efficiency by the use of improved mining equipment and methods. The effort achieved a marked degree of success. For a few years total output of gold in Canada increased. It reached a post-war high in 1960 when a total of about 4.6 million ounces was produced having a value of about $157 million. However, the improvement in efficiency has not prevented many gold mines from closing in the last few years due to depletion of ore reserves through exhaustion, and again due to increasing costs.

I have in my hand, Mr. Chairman, a table which illustrates the decline which has taken place recently in the gold mining industry. The statistics I have refer to lode gold mines only. As an aside I might say that lode gold mines bring out the gold found in hard rock. A small quantity of gold is still recovered in Canada from placer deposits in the beds of streams and rivers, a type of operation almost entirely confined to British Columbia and the Yukon. As a third source gold is also produced as a byproduct from some base metal mines. The subsidy is not paid in that case.

With the permission of the committee I will table this chart which indicates the situation as it exists now, and I will comment on it in a moment.

The Chairman: I should point out to the minister that it is impossible for him to table a document in committee; he will have to read it into his statement.

Mr. Pepin: I am sorry, Mr. Chairman; I wish it simply to be printed in *Hansard.*

The Chairman: The minister will be able to do this later on in the day when the house is in regular session.

Mr. Monteith: I think he may have permission to include it in *Hansard,* Mr. Chairman.

The Chairman: I am sorry, I misunderstood. The minister is not permitted to table documents in committee, but may have documents included in his remarks in *Hansard.*

[Mr. Pepin.]

Mr. Aiken: Mr. Chairman, May I ask the minister the source of the document?

Mr. Pepin: They are the usual good statistics of my department.

Mr. Nielsen: I wonder whether the minister back to back with the lode mining statistics would also request permission to print the placer mining statistics.

Mr. Pepin: I will have those in due course in this debate.

The Chairman: Is it agreed that these statistics be included in *Hansard?*

Some hon. Members: Agreed.

[*Editor's note: The table referred to above is as follows:*]

LODE GOLD MINES

	Number of Mines in Operation	Number of Men Employed	Ounces Produced	Number of Ounces Produced from All Sources
1948	87	22,566	3,081,113	3,529,608
1950	83	22,491	3,764,757	4,441,227
1955	61	18,032	3,866,124	4,541,962
1960	55	16,542	3,930,366	4,628,911
1965	55	12,520 (est.)	2,958,874	3,606,031
1967	40	10,500 (est.)	—	—

Mr. Pepin: Mr. Chairman, the figures which appear in *Hansard* give on the left side the number of lode gold mines we have in Canada. For example, in 1948 we had 87. This number dropped to 83 in 1950, to 61 in 1955, to 55 in 1960, stayed there in 1965, and to 40 in 1967. The number of men employed in 1948—this is a very important statistic—was 22,566. In 1950 the number was 22,400; in 1955, 18,000; in 1960, 16,500; in 1965, 12,500, and the figure estimated for 1967 is 10,500. Hon. members will thus realize that the number of mines is diminishing, and consequently so is the number of men employed in the mines, the number now being half what it was in 1948.

• (11:40 a.m.)

The number of ounces produced has not been declining as fast, indicating greater efficiency in the industry. The figures are as follows: in 1947, about 3 million ounces; in 1950, 3.7 million; in 1955, 3.8 million; in 1960, 3.9 million; in 1965, 2.9 million. I also have figures showing the number of ounces produced from all sources including placer mines and gold found in base metals.

Mr. Martin (Timmins): Would the minister permit a question? Did he say that in 1942 there were 87 gold mines?

Mr. Pepin: In 1948.

Mr. Martin (Timmins): The report of the administration of the Emergency Gold Mine Assistance Act for the fiscal year ending March 31, 1966 says on page 11 in table 1 that in 1948 there were 117 gold mines receiving assistance under the act. I am of the opinion that the minister was referring to lode mines rather than to the total of lode and placer mines.

Mr. Pepin: I thought I had made it clear that I was talking only about lode gold mines. If one includes the placer mines and the base metal mines the figure of 117 is accurate.

[*Translation*]

At this stage, Mr. Chairman, I may add right away that gold production remains an important element of our mining industry. It has had its set-backs, it now has problems, but it is not moribund. In 1966, about 3.3 million ounces of gold were produced in Canada, that is a value of $125 million. Gold ranks fifth for value in the list of metals produced in Canada in 1966.

Outside of the U.S.S.R., whose production is not known, Canada ranks second amongst gold producers in the world, immediately after the Union of South Africa—although a good deal behind—since it produces some 30 million ounces.

[*English*]

I should like to say a few words now about gold mining communities. There is an old saying that "gold is where you find it." It was found in many out of the way places in Canada—at least they were remote at the time of the discovery and development of the gold mines. The pioneering role of the mining prospectors and operators was shared by those who came to work in the mines and to provide the services needed in any community. Schools, churches and hospitals were built, as well as homes and business premises; water and power systems were installed, and streets and roads constructed.

There are 20 communities in Canada whose economic support is derived almost entirely from the operation of gold mines. We have estimated that in 1966 the population of these communities exceeded 80,000. This social factor represents, of course, the major cause for the present legislation, as it did for the legislation introduced a few months ago in connection with the Cape Breton coal mines. Improvements in methods and systems of transportation have linked the mining communities with major centres by rail, road and air. But though they may now be more easily accessible, they remain detached from the heavily populated areas of Canada and are still dependent on the resources of their immediate areas.

The discovery and development in recent years of deposits of base metals and industrial minerals has added some economic support to the mining communities of Timmins, Kirkland Lake, Val d'Or and Malartic. Everyone here has heard about the Texas Gulf Sulphur zinc-copper mine at Timmins, the Jones and Laughlin iron ore mine at Kirkland Lake and the pulp mill of Domtar Limited situated about 100 miles north of Val d'Or. The gold mining communities have made efforts to attract other industries. The federal Department of Industry has provided financial incentives to new manufacturing and processing industries in designated areas under its area development program. Some success has been achieved through these efforts.

Notwithstanding some diversification of the base, the gold mining communities continue to be dependent mainly on the economic support provided by the operating gold mines. As the gold mines have reduced the scale of their operations or have ceased production, former employees have faced the problem of finding new jobs. The federal Department of Manpower and Immigration has assisted in placing workers in suitable jobs through the Canada manpower centres. Workers are retrained where necessary. They are also given assistance to move to other areas under the manpower mobility program.

Everybody understands that moving is a difficult operation in the case of people who have grown up in certain areas and who are very much sentimentally attached to those areas, and sympathizes with those who have do do so. Governments try to cushion the shock.

Perhaps I should say something now about the role of the Emergency Gold Mining Assistance Act. The act was passed in 1948, at which time a large number of gold mines were faced with operating losses because of increasing costs of production. The operators were, of course, unable to increase the selling price of their product.

Without assistance the mines would have been forced to close. Extensive economic and social dislocations would have followed the abrupt closure of so many mines. The purpose of the legislation was to extend the life of the gold mines and thereby allow their dependent communities to adjust gradually to

diminishing economic support. May I emphasize that the purpose of the legislation is not to increase the number of gold mines in Canada, but to permit a slow decline with a view to protecting the communities rather than the operators of these mines.

It is well known that the price paid for gold by the Royal Canadian Mint is governed by the price paid by the United States treasury and the exchange rate between the Canadian and United States dollars. The price paid by the United States treasury has been fixed since 1934 at $35 per fine ounce. I should point out that even in the representations which were made to us by the gold mining operators it was not denied that there was no great chance that this price could be increased in the near future. I look across to the hon. member for Villeneuve because I want him to get the point well. Even the people who made representations to us agree that there is no justified hope of this price changing. The hon. member for Villeneuve, who has grandiose ideas about the use of money, may well tell us we should raise the price to $100 or even to $150.

[*Translation*]

Mr. Caouette: Mr. Chairman, would the minister allow a question at this time?

I understand that the price of gold has been set at $35. Is the minister aware that in the United States, subsidies of about $44 per ounce are being paid to gold mines, which represents a total of $79 even though the price is set at $35? Now, what prevents us here in Canada to follow the example of the United States and pay subsidies to gold mines?

Mr. Pepin: There are no doubt several reasons for that. The United States production being probably much lower than the Canadian production, the Americans may be interested in increasing their gold production so as to avoid being entirely dependent on foreign countries in their monetary manipulations if that term is not deemed disparaging.

• (11:50 a.m.)

[*English*]

Since May of 1962 the value of the Canadian dollar has been set at $0.925 United States funds. At parity the Mint buying price for gold is $37.84 per ounce in Canadian funds. As the market value of the Canadian dollar may be permitted to fluctuate by 1 per cent on either side of parity, the mint buying price in Canadian funds may vary between $37.46 and $38.22 per ounce.

Again, Mr. Chairman, the purpose of the legislation was to extend the life of many of the gold mines and thereby allow their dependent communities to adjust gradually to diminishing economic support. I am going to repeat this on a number of occasions in my speech and throughout the debate, because I do not want anybody to believe that we are looking for an increase in gold production.

The assistance given under the act has successfully retarded the rate of decline of the industry. In this way unemployment and consequent social dislocations in the gold mining communities have been minimized, and so the purpose of the legislation has been achieved to a good extent. As I said a moment ago the number of employees has declined from some 22,000 in 1948 to about 10,000 in 1967, and this has been a progressive, or better, a regulated, rate of decline. Of course it was not accomplished without difficulties and hardship, but in my view the federal government has done its share to prevent greater hardships.

Mr. Nielsen: Will the minister inform us whether he and the government have made any representations to the International Monetary Fund, or to the United States, for a revision in the price of gold to $70 or $100?

Mr. Pepin: The hon. member for Yukon is probably better aware than I am that there is a big international debate presently taking place on this subject. He is also aware that the Minister of Finance is in Rio at the moment, and this matter is possibly on the agenda of the conference he is attending. My only contention in this debate is that we cannot count on a rise in the price of gold. The legislation is based on the situation as it exists now, and which is recognized by the gold mining producers themselves as the situation which will probably continue for a good many years to come. Of course if major changes should occur in this field at the international level, there is no doubt that in consequence the government would adjust this legislation.

Mr. Nielsen: Can the minister state what his government's position is going to be? Is it going to be for a raising of the price of gold?

Mr. Pepin: I am not the Minister of Finance, and I know I could not be that minister as I am not qualified. I am only dealing with mining legislation and, as I shall say in a moment, social legislation. I am not dealing in monetary policies, and I am quite sure the committee would agree I should not do so.

Mr. Johnston: It seems to me that the question just asked adds some validity to the point of order I raised earlier. I wonder if the minister is aware of the threat on the part of South Africa, announced this morning, that if the price of gold is not raised it will reduce the supply of gold to the western world?

Mr. Pepin: That is a policy for the Union of South Africa to devise. I simply repeat, and I beg the comprehension and sympathy of my hon. friends, that this is a mining policy and is not monetary policy. This is a mining bill, not a monetary bill. If my hon. friends disagree with the position taken by the government in monetary matters I ask them to please raise that matter at the earliest occasion, but not today.

[*Translation*]

Mr. Caouette: Mr. Chairman, the minister does not think that we should discuss that question. It would have been better to wait for the Minister of Finance and Receiver General (Mr. Sharp) to be here, since we are discussing the matter of gold, and consequently the monetary question.

I understand the idea of the minister to the effect that this is only an extension, or an amendment to the existing act, and that it has nothing to do with the monetary question. However, the minister for half an hour has been mixing together the monetary question and the matter of gold. Now, it seems that we should have waited for the Minister of Finance and Receiver General to be here, and he would have joined the Minister of Energy, Mines and Resources in discussing the renewal of this act which is very important for Canadians as a whole.

Mr. Pepin: Mr. Chairman, this debate on monetary liquidity in the world has been going on for several years. The experts I consulted think that it will go on for some time yet. The legislation under consideration today expires on December 31, 1967 and to protect the communities and the municipalities which are in danger, it will be necessary to intervene immediately and not wait for the results of the international transactions.

I think the hon. member for Villeneuve (Mr. Caouette) would not want to prejudice his electors on that score. And I think that he will co-operate with the minister to ensure the passing of this legislation as quickly as possible so that on December 23, 1967 we will not find ourselves without a legislation.

[*English*]

Mr. Kindt: To clarify and settle the point may I ask the minister if the resolution has any objective other than what is stated, namely to extend the application of the Emergency Gold Mining Assistance Act? Has the minister anything else in mind to slip in as an addition to this amendment? From the way he is talking I would say there is something else.

Mr. Pepin: I was going to say in conclusion that the only purpose of today's debate is to justify the extension of the legislation.

Mr. Kindt: To extend it?

Mr. Pepin: For another three years. That is the only purpose of the resolution. I am trying to demonstrate why we have decided to do that, and to show why we decided not to do more, as requested in various representations that we received.

The Chairman: Order. I must interrupt the minister to advise him that the time allotted to him has expired.

Some hon. Members: Carry on.

The Chairman: Does the committee give unanimous consent for the minister to continue?

Some hon. Members: Agreed.

Mr. Dinsdale: It is like a question and answer period.

Mr. Pepin: We may get that over now and not have to do it later.

The cost of maintaining assistance under the act has been appreciable. A total of $231 million has been paid to gold mine operators from 1948 to March 31, 1967. The following table, which I hope to receive permission to have printed in *Hansard*, taken from the annual report on the administration of the act to March 31, 1967, shows the amounts paid by calendar years, and my hon. friends will realize that this also deals with the question of the number of mines, something which was raised by the hon. member for Timmins.

The number of mines declined from 117 in 1948 to 66 in 1965. This includes all types of mines except, of course, metal base, and the table shows that the assistance paid per year has not varied very substantially. This assistance totalled some $12 million in 1948, $10 million in 1951, $16 million in 1954, $11 million in 1958 and $14 million in 1965. The

number of ounces produced, as has been stated, has been going down.

Mr. Martin (Timmins): If I heard the minister correctly he has referred to a table. I do not know where his table comes from, but the details according to the bluebook show the number of mines receiving assistance in 1965 to be 41 whereas the minister has mentioned 65 or 66. Why is there this difference in those figures?

• (12 noon)

Mr. Pepin: I am sorry; we will try to rectify that. The figure, as I said, is in respect of the number of mines being assisted in 1965-66. The number of ounces was 3.6 million in 1949, 2.6 million in 1964 and 2.4 million in 1965. Of course, the assistance paid per ounce produced has increased quite substantially. I might mention a few figures: In 1949 it was $13.48, in 1965, $6.11, and in 1966 the estimate is $6.63. So the subsidy per ounce has been going up quite seriously. May I have permission of the house to have the next table printed in *Hansard*?

The Assistant Deputy Chairman: Is it agreed that the minister may have permission to have the table printed in *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: The table referred to above is as follows:*]

Designated Year	Number of Mines	Assistance Paid to the end of March 1967	Ounces Produced Eligible for Assistance	Assistance Paid per Ounce Produced
1948	117	$10,546,315.84	3,164,388.425	$3.33
1949	122	12,571,546.90	3,613,713.253	3.48
1950	106	8,993,490.51	3,521,860.254	2.55
1951	97	10,728,503.71	3,255,244.876	3.30
1952	86	10,845,978.62	2,889,937.597	3.75
1953	96	14,680,110.42	3,177,383.745	4.62
1954	86	16,259,179.23	3,793,783.453	4.29
1955	72	8,885,478.73	2,992,472.336	2.97
1956	68	8,667,235.38	2,505,696.226	3.46
1957	62	9,679,753.32	2,730,271.350	3.55
1958	67	11,420,463.70	2,660,690.496	4.29
1959	68	12,001,753.43	2,442,642.876	4.91
1960	70	12,362,517.59	2,461,386.530	5.02
1961	68	12,666,658.77	2,389,757.710	5.30
1962	67	14,355,013.49	2,330,440.182	6.16
1963	72	14,319,757.65	2,599,266.464	5.51
1964	69	15,436,154.88	2,647,819.881	5.83
1965	66	14,826,633.78	2,427,034.066	6.11
1966*	38	11,777,816.65	1,776,265.143	6.63**

*Represents assistance paid to mines whose 1966 applications were processed prior to March 31, 1967.

Mr. Aiken: May I ask whether this table is a supplement to the 1966 regular annual report in respect of emergency gold mining assistance? Is it a similar table to that which we find in the 1965 report?

Mr. Pepin: I think so. So the amount of assistance payable for the year 1967 is now estimated at $15 million. What about the future? Should parliament authorize the proposed amendment to the act, it is anticipated that the total assistance paid will decline moderately in future years. To be more specific, during the period 1967 to 1970 it is estimated that six mines with an annual production of about 400,000 ounces of gold will become eligible for assistance whereas 14 mines with an annual production of about one million ounces will close. I might add that most of the gold produced in 1970 probably will be eligible for assistance. I am giving hon. members all I know about this subject so that I will not be accused of painting too rosy a picture. This is the picture of a declining industry. It is unfortunate, but we must face it.

Increasing costs of production will prevent assistance from declining in direct proportion to the reduction in output of gold caused by the closure of some mines.

I think I will skip the basis on which assistance is given. It is a rather complicated formula. I am quite sure that those who will speak on this subject are aware of it and do not need to have it repeated to them. I might say that when the cost of production is higher than $26.50 there is assistance but when the

cost is higher than $45 there is no compensation. This indicates that between a production cost of $26.50 and $45 an increasing subsidy is paid.

What was in the briefs which we have received from the Mining Association of Canada, the communities affected and a few other associations? First of all, these companies have stressed the need for continuation of assistance to gold mines. Second, most, if not all the groups, have requested a change in the formula for determining the assistance payable which would have the effect of increasing the assistance by 50 per cent. I will not go into this in detail because it is a bit complicated.

Third, a term of four years or more for the extension of the act was considered desirable. Fourth, the brief from the gold mining communities requested the addition of a section to the act to provide for assistance for mining exploration within a 60-mile radius of designated mining towns. They would like to have a subvention for exploration in an area 60 miles around the gold mining communities.

In reply to these requests I should like to say first of all that, in respect of the desirability for continuation of this legislation, we obviously agree because this is what we are doing this morning. Withdrawal of assistance at this time would cause 28 of the 37 lode gold mines receiving assistance in 1967 to cease operations within a short time.

Of course, a substantial increase in the price of gold or a decrease in the cost of production could terminate the need for assistance to the gold mining industry, but neither condition appears likely to materialize in the near future.

Mr. Kindt: Are you sure of that, Mr. Minister?

Mr. Pepin: I am as sure as one can be in these matters.

Mr. Kindt: Can the people of Canada be assured that there will be no tampering with the price of gold which will disturb the value of all other commodities?

Mr. Pepin: I have no vision from heaven on this subject, but this is the position accepted by the economists and officials in my department as well as in other departments and fairly well throughout the scientific and business communities in this country.

Mr. Kindt: I was hoping that the minister's statement, while off the cuff, was from heaven and could be taken as such.

Mr. Pepin: Thank you. On the question of the period of extension, as I said a term of four years was recommended by the gold mining communities and producers. While rapidly changing circumstances might make it desirable to review the position of the gold mining communities within a three year period, we believe that a three year period will be adequate. We believe a term of three years gives recognition to the problem of gold mine operators in the orderly planning of mining programs and to the need of dependent communities for a further period of adjustment.

The Minister of Finance and myself had already indicated our intentions to extend the duration of the act when we received these representations. There really has been no protest on this three year period.

The recommendation to include a mineral exploration program restricted to the immediate area of the gold mining towns as part of the assistance provided under the act has not been adopted. First, it is really impossible to give any assurance that mineral deposits of any kind will be found in the prescribed areas, no matter how intensive an exploration program might be undertaken. A mine near Kirkland Lake might be discovered five or ten years from now, but it is so uncertain that one cannot base a policy on that.

An hon. Member: All exploration is uncertain.

Mr. Pepin: I assume that these areas have been thoroughly explored in recent years. I presume also that if I had $5 million for exploration, I would tend to go to areas of Canada which are less known and where the geological survey of Canada had indicated that possibilities existed.

My main point, however, is that exploration is not the purpose of the act. The purpose of the act is not the creation of new mines, neither is it the expansion of existing communities nor the creation of new ones. This is not the purpose of the act. As a matter of fact, in 1963 the act was amended to make it obligatory for a company to recruit more than half of its personnel in the gold mining community in order to be entitled to the subsidies. There clearly is an indication that the legislation is not for exploration or for the development of gold or other mines in Canada.

Mr. Aiken: Mr. Chairman, would the minister permit a question at this point? The minister has said that exploration is not the purpose of the act. Is it not, however, a purpose of the act to keep these communities alive? If exploration should turn up additional mines which would help support these communities, would that not be a good objective?

Mr. Pepin: The whole debate is based on the "if" used by the hon. member for Parry Sound-Muskoka. If there were any assurance that gold or any other mineral would be found I presume we would be more receptive to the argument, but the "if" is so colossal that it cannot be legislated upon.

Mr. Nielsen: Mr. Chairman, would the minister permit one further question? Surely he is not suggesting that the cost of exploration carried on by operating companies is not calculated in the cost per ounce and therefore is not one of the factors upon which the subsidy is paid.

• (12:10 p.m.)

Mr. Pepin: I understand that the cost of exploration in the area of existing mines is deductible and can be included in the determination of the cost of production for subsidy purposes. What we are talking about now is exploration within a 60-mile radius of a mine. My hon. friend, with such great mining experience, knows the difficulty involved in deciding when a mine is one mine or two mines. In this case the representations we have received would relate to something outside of the existing mine. He is quite right when he assumes that the cost of exploration at the site of an existing mine can be included in the cost of production.

I should like to add that in Canada, exploration is generally left to the initiative of private enterprise and is not usually paid for by the federal government. When there are encouragements to be given in respect of exploration, these are usually given by the provinces and not by the federal government. I see an intrigued look on the face of one of my hon. friends. The federal government does this indeed in the northern territories where the federal government behaves like a provincial authority.

Mr. Nielsen: Too bad.

Mr. Pepin: That is another debate. To complete this subject I might say that the Department of Energy, Mines and Resources, and I am always keen to give it publicity, provides general assistance to mineral exploration in all parts of Canada by the preparation and distribution of geological and geophysical maps of all kinds. This is a federal contribution. If subsidies are needed for exploration, this would normally come under provincial authority.

The main question still remains, why not raise the subsidy, as both briefs suggested, in view of rising costs? A change in the level of assistance which would have any significant effect at this time, any change which would really reverse the present trend in this industry, would be very costly indeed. The government is now assisting the miners in gold mining communities by payments under the act to the gold miners amounting to approximately $1,500 per year for each man employed. This is not a reproach I am making to the miners themselves; it is only a fact that I feel I should mention. We are already providing $1,500 per year per miner in these communities. If we double the cost of the program by raising it to $30 million or $50 million, we are going to create a situation which will in time become the equivalent of the Cape Breton coal mining situation. In a few years the federal minister of the Department of Energy, Mines and Resources would have to bring in another bill in an attempt to do in the gold mining industry what he is trying to do now in the coal mining industry of Cape Breton, and I do not think that is desirable.

Some hon. Members: Hear, hear.

Mr. Pepin: I think there are other ways to help. My N.D.P. colleagues protest. If we continued this practice of paying subsidies to industry throughout the country I think we would end up with subsidies upon subsidies and I am sure this is not what Canada needs.

There is also in the existing law a provision in respect of increased costs of production. As I mentioned before, with increasing costs there is an increased subsidy anticipated.

More important still, as I just mentioned a high measure of subsidy would perpetuate the problem and create a situation similar to the one we have in Cape Breton.

The mining industry has never been more active or, generally speaking, more prosperous than it is at this time. However, one of the major problems facing it is the shortage of manpower. It would be irrational, in my view, to pay higher subsidies which would tend to discourage the natural and desirable movement of people from the gold mining sector to other sectors of the mining industry

where labour is needed and is better paid than in the gold mining industry. By pouring in more subsides we would damage the situation to a greater degree than is the case now.

The policies of governments, the federal government in particular, have been and are to facilitate and encourage the movement of people when that is inevitable and to bring in industry where it is possible, and all the legislation of the Departments of Manpower and of Industry is to that effect. The hon. member knows that workers or miners moving from one community to another can receive up to $1,000 for transportation purposes. If a man is forced to sell his house and wants to buy another he still receives $500. If he needs retraining he will receive a retraining allowance, and so on. This is a progressive way of dealing with these problems.

Mr. Dinsdale: Is the $500 on the 8¼ per cent or on the old interest rate?

Mr. Pepin: It is a straight 500 bucks.

The bill is to be a very simple one. It will replace the year 1967 by the year 1970 in subsections 1 and 2 of section 4A of the act. The period of its application is extended by three years to December 31, 1970. No other change is made in the act. The method of computing the amount of assistance payable to an operator remains unchanged.

[*Translation*]

Mr. Chairman, I am quite ready to admit with the hon. member for Villeneuve and others, that a social problem is involved here and that notwithstanding the renewal of the legislation, and despite the fact that we will again spend $15 million a year for three years in the gold mines of northern Quebec, northern Ontario and the other provinces, the social problem will remain.

I admit that the possibility for alternative employment in the area for the miners involved is slight. The Minister of Manpower and Immigration, as I said a while ago is ready to help these miners through his mobility and retraining programs, as is the minister of commerce and industry by promoting the establishment of new industries in those areas.

As the member for Villeneuve knows, I have often called upon the provinces, upon the provincial labour ministers and particularly upon the Quebec minister to lay down an overall strategy to remedy these situations.

I am justified in saying that I have not received very brilliant or practical suggestions on the subject particularly from the Quebec provincial government, whatever its political hue.

The provinces, particularly Quebec, claim that this question involves the price of gold, the monetary policy, so that it is a federal government responsibility. I do not share that view. I think—and I hope the hon. member for Villeneuve will not cause me any prejudice in claiming the contrary—that a mining problem is involved and a social problem which the federal government cannot solve alone. The provinces, particularly Quebec, even claim exclusive responsibility in the field of mining and, occasionally, in the social field.

It is well known that I am not a believer in water-tight division of jurisdictions between the federal and the provincial governments. In the present case, as in most others, a mixed jurisdiction is involved; I think that the central government and the provincial governments should work together to solve the social problems in northern Quebec and northern Ontario. But, as I often say, it takes two to tango and, in this case, I have not been invited by the provincial governments, even though I suggested it.

So, I earnestly hope that the central government and the provincial government will agree to work together to solve the social and mining problem brought about by the waning gold mines.

• (12:20 p.m.)

[*English*]

Mr. Aiken: Mr. Chairman, permit me first to make some comments on the speech made by the minister. I should tell him first that he did not have to convince anybody on this side of the house that the act should be extended for a period of time. I believe we in this house agree that this is an absolute necessity; in fact, it is a minimum requirement. However, I believe the minister fell down in his remarks in trying to justify the fact that the government is not doing anything but extending the application of the act.

I felt, as I am sure did many other hon. members, a real sense of dismay with regard to this part of the minister's speech. I felt that the minister had forecast a very dismal prospect for the mining communities which are affected by the act. The minister said the government would permit a slow decline in these communities; he mentioned a progressive state of decline. Several times during his

speech he intimated it was the view of the government that the gold mining communities would slowly disappear.

I am positive that these communities are not going to die. They have resisted so far the very great problems that have faced them. They have tried to diversify the industry and have been only partly successful. But they have certainly tried and they will continue to try. I am quite sure the minister's forecast that within a few years we will see the end of this problem is wrong. In the meantime why should we not provide at least a minimum standard of living for these communities? Why should we not provide the workers with a minimum wage so they may live reasonably during the years until something else turns up?

The whole tenor of the minister's speech and the reasons he gave for not extending the application of the act into any other area were certainly most discouraging. The minister's attitude seems to be: We have given up in respect of this industry; we will carry it on for a few years and hope something else will turn up. I believe the minister should do much more than hope something else will turn up because nothing has turned up in the last 20 years. I think the minister should look forward to a continuation of the need for these grants. I am sure the gold mining communities will not disappear and that the need for gold will not decline. The minister gave us a very intensive background paper on the problem but I am sorry he did not give us more detail on the reason that nothing is proposed beyond the application of the act for another three years.

The mining communities asked for four substantial things which the minister mentioned. The first was an extension of the life of the act. This has of course been granted and we agree with it. I cannot understand why the minister has limited the extension to three years. Originally this was emergency legislation and it was extended year by year. Then someone had the idea that it was more than an emergency act and renewal was extended to two years. It was later renewed for three years until 1963 and in 1963 it was renewed for four years.

I do not think this is a numbers game. Why did the minister decide that a three year extension was sufficient? Does he believe that in the future something will change the situation? If the minister had given us any indication along this line I would have been satisfied. The minister may hope that within three years something will happen to change the situation, but he did not say this, on the contrary, he said he really did not know what would happen except that there would be a slow decline in the gold mining communities. I cannot understand why the minister did not extend the application of the act for four years. If he was not going to renew it for four years he should have given us a better reason for not doing so. No sufficient reason has been given.

The mining communities also asked for an increase in the grant. Here again the minister did not give us any real reason for leaving the grant structure as it is. He merely said that adjustments could be made to the grant and that possibly the mining communities or the mines could obtain an increased grant by applying the formula.

The fact is that in 1958, after the act had been in effect for ten years, the government of the day found it necessary to adjust the grant structure and it was adjusted upward by 25 per cent. If it was necessary after ten years of a fairly slow increase in the cost of living and labour costs to increase the amount of the grant by 25 per cent in order that it would be realistic, then surely in view of the tremendous increases in the cost of living in the last three years these grants should be increased if they are to be effective. It is no use saying that the industry is a declining one and therefore we will only go part way in assisting it. The government must recognize the fact that grants will be needed for some years, and they will have to make them realistic because costs in every other facet of the Canadian economy are increasing.

There is no doubt that in the gold mining industry wages are deplorable. Evidence presented to us in the committee on immigration and other house committees has shown that miners just will not go to the gold mines and stay there. The mining communities have a great deal of trouble keeping people in the mines. When one knows the wage level of the industry one can understand why this is so. Wages in the gold mining industry are not comparable with those paid in other mining industries or other industries generally, and living conditions in some gold mining communities are at a much lower level than in other communities.

For these reasons I believe there should have been an increase in the grants. I have read the brief presented by the mining communities. One such brief dealing with this problem came to hand just this morning. In

this brief and others which I have read I have not discovered any great division between the mining communities, the labour unions, the miners themselves and the companies. Four years ago we heard a great deal of talk to the effect that the mining companies were getting these grants and should be able to raise the wages of their workers. In these briefs I have not read any serious suggestion that the mines are gobbling up these grants and are not using them at least in part for the benefit of the communities and the miners. I believe that if the grants were adjusted, the lifetime of these communities would increase, as would the wages of the miners. Also, the economy generally of northern Ontario, northern Quebec and other gold mining areas would improve.

• (12:30 p.m.)

So I do not think that the minister really gave us much of an answer. Perhaps he will explain why the three year term was adopted. As I said, I do not know of any reason why it should have been done and he did not explain it, but certainly the problem is not going to disappear in three years.

Now I should like to deal with the minister's reason for not extending the act to include exploration within 60 miles of existing communities. He simply brushed this off. He said that nothing is likely to be discovered anyway so we will not try. He also said that exploration is not the purpose of this act. Surely we cannot consider one piece of legislation in isolation from anything else that goes on in the community and in the country. Let me put the following question to him: Suppose gold was not found but some other metal, would that be so terrible? I say no. Although the other metal might not come within the ambit of the narrow provisions of the Emergency Gold Mining Assistance Act, it would still be of benefit to the community. I do not see how the minister can be serious in saying that gold will not be found so it does not come within the act. I say that the purpose of the act is to maintain the communities until something else can be substituted, and if nothing else is substituted then the purpose of the act is to maintain the communities as long as there is sufficient product to justify the continued grants.

Mr. Pepin: I am sorry to interrupt the hon. member. I am quite sure he is aware of the fact that the mining industry in this country benefits from all kinds of incentives, ones that the Carter report even said were excessive. I am sure he is aware of the fact that the mining industry treasures these incentives and recognizes how much they have contributed to the development of the industry. What the hon. member is asking for is the addition of still greater incentives over those that already exist. We are not speaking here about creating something. There is already a substratum of incentives in existence which the mining industry regards with great satisfaction. The opposite impression should be left in the mind of the public.

Mr. Aiken: It is certainly true that the tax incentives are well appreciated. I merely said, and I repeat, that perhaps within the ambit of this act the additional 60 mile rule might not result in the finding of gold but surely it would give an incentive to go out and do some exploration and perhaps achieve what has so far been lacking, the provision of further development within these areas. After all, as the minister said there were 80,000 people in these communities in 1966. These people have set up their homes and want to stay there. Believe me, if they did not want to stay there they would not have remained, because so many do leave and those who are there want to stay.

I see no reason why the provisions of the act should not be extended so that further exploration can be carried out. I would also ask the minister the following question: If, as the minister said, there is absolutely no possibility of this happening or if it is very unlikely that anything would result from it, why did the gold mining communities feel that there was some possibility? Surely the people living in the area, and there may be others who have greater knowledge in this regard, must have some idea of what can be found there, and even if they have not they must have learned the lesson that you never find anything without looking for it.

The mineral developments that have been carried out in this country have been made possible because of people who went out to explore. Often they did not find what they were looking for but they found something else.

So I see no reason why such an extension of the act could not at least have been given more serious consideration. I admit the minister did consider it, but not deeply enough. In fact I felt that he brushed off the whole problem too lightly and gave us the impression that we were merely going to maintain these communities a while longer before dropping them. We hope that something will perhaps evolve from the I.M.F. discussions, or

perhaps the price of gold will go up. Let us say the price of gold does go up. All that will happen then is that the subsidies will go down. In some cases they may not be required but I am sure that in other cases they will be unless the price of gold were increased drastically, which is certainly not very likely.

I should like to go now to another subject, the prospects of improvement in the situation from any other direction. I think the most likely one to which people were looking was the recommendations of the Carter royal commission on taxation. I am quite sure that people were told from time to time that this would be one of the serious problems that the Carter commission would consider, and I know that even before the Carter commission report came out the mining industry and the mining communities made their position on taxation very clear.

In spite of the fact that the Emergency Gold Mining Assistance Act has provided some additional support, mining generally has had incentives in taxation for some years and these have been used to encourage the development of the country. People have been encouraged to go out and take a chance, thereby reaping greater benefits. This has been so with regard to the miner and prospector as well as the person who dabbles in the stock market. The only incentive that the Canadian people have had in the use of many of these private pools of money that are available has been the fact that if you buy a mining stock there is some hope you may make some money which will be tax free. Otherwise people would put their money in nice safe mortgages at 8.25 per cent. I do not think anybody can do very much better than that even on the stock market these days.

Then, of course, there is the prospector, and I do not mean the fellow who goes out with a pick and shovel but the companies which are doing very technical research and surveying to indicate the presence of ores. They were hoping that at least the Carter commission would recommend the continuation of these incentives. I should like to read for the record a very short extract from a publication called "Today In Mining" issued by the Mining Association of Canada in March of 1967. The interesting feature of this extract is that it was taken from a speech made before the Carter report recommendations came out. The speech was made by W. S. Kirkpatrick, the retiring president of the Mining Association of Canada.

• (12:40 p.m.)

> Any significant change in the favourable nature of tax provisions for the mining industry would "create uncertainty and a lack of confidence which would severely curtail the growth of the industry, with consequences harmful to the whole economy."

Mr. Kirkpatrick also stated that tax provisions now applicable have been a major factor in stimulating past growth of mining in Canada. He concluded by saying:

> Any recommendations for radical changes in our federal tax structure, as they affect mining, must be assessed in the light of these facts.

Two weeks after this caveat was entered the Carter report was published. At first, of course, it seemed to create a great deal of confusion, but I think I can fairly say that while all the implications of this gigantic work are not yet clear there is one area in which the proposals are not acceptable in their present form. I refer to their effect on the mining industry. I have not heard anybody say that these recommendations are valid from a national viewpoint or from the strictly narrow viewpoint of the mining industry. From the national point of view they would be disastrous if they had the effect as everyone thinks they will, of cutting back exploration for and the development of new mines and resources and cutting back the communities that rely upon these mines.

In the first place these recommendations, if applied, would reduce developments in Canada. Second, from the very narrow viewpoint they would seriously affect those mining communities now in existence.

The Deputy Chairman: Order. I regret to interrupt the hon. member but the time allotted for his speech has expired.

Mr. Starr: Mr. Chairman, in view of the fact that the hon. member for Parry Sound-Muskoka is the chief spokesman on this issue for our party, I wonder whether the committee would agree that he should complete his remarks?

The Deputy Chairman: Is there unanimous consent for the hon. member to continue his speech?

Some hon. Members: Agreed.

Mr. Aiken: I thank the committee, Mr. Chairman, and I will be but a few minutes.

It has been fairly generally accepted that the recommendations of the Carter report

will not only be unhelpful to the industry but damaging. I should also like to refer to the September 25, 1967 issue of the *Northern Miner* which carried a report of a discussion by a panel of mining experts in Toronto. The moderator of the panel was Mr. Wansbrough, vice president of the Mining Association of Canada. According to the report the consensus of the panel was:

> Withdrawal of tax concessions to the mining industry as recommended by Carter will cripple Canada's greatest industry.

The last quotation I should like to put on record is from a document which came into my hands only this morning. It relates to a very substantial submission by the Mining Association of Canada which was prepared in August and has just been circulated today. This submission does not deal with the gold mining industry specifically as a separate item but in the summary, which was dated for release September 12, the following appears:

> Implementation of the Carter commission recommendations concerning the mining industry would have "disastrous" consequences for the Canadian economy.

The conclusion of the association is:

> If the commission's proposals were to be adopted, the present, powerful incentive to exploration for minerals would be eliminated; the level of exploration for new mineral deposits would decline drastically, and property examination work would drop sharply. Existing mines would continue in production until reserves were exhausted; but present reserves would shrink, as those marginal now would not warrant development. Instead of the healthy growth that can be expected if the existing tax treatment is continued, the prospect would be for an accelerating decline in mineral production in Canada as existing reserves are exhausted and not replaced.

I think that sums up fairly well the view of the industry with regard to the general proposals of the Carter commission. I am not going to beat the minister over the head with this because no one is yet responsible for implementing the recommendations, no position having been taken up to now. However, I think in any case it should be very clear that on this point we would feel that these recommendations in the form they have been presented are not acceptable. In fact, I cannot think of any form of recommendation that would reduce the present tax incentives which would be of any assistance. In general the whole way in which mining exploration and development have been treated is not acceptable, and I hope that the government will state its position clearly very soon so there will not be a falling back in the production, exploration and development of Canadian resources.

In view of the fact that there does not seem to be anything emanating from the Carter report on taxation which is going to be helpful to the industry and very little seems to be coming from other sources, we have no objection to the continuation of this act. I think it should be mentioned that a meeting of the International Monetary Fund, which the Minister of Finance is attending, is now being held in Rio de Janeiro. I would assume in light of what we have read in the newspapers that none of us here is competent to judge the effect of the conclusions arrived at at this conference. Nevertheless, it is quite evident that the I.M.F. considers world gold resources to be inadequate and that they are going to create a new kind of money which would be governed by the ability of countries to draw on a fund backed only by the countries contributing to the fund.

There is the feeling that something interesting might come out of this proposal, but it is quite obvious that if that is the case, it will be superimposed upon the present use of gold, and will be devoted almost entirely to international monetary fund transactions. So quite frankly, Mr. Chairman, although this may be used as a bit of an excuse or as a hope that something may eventuate which will relieve the situation, I do not know how it can. There has been no indication that the United States is going to increase the price of gold, and I think the reasons for this are well known. We are therefore caught in this paradoxical situation of a world shortage of gold, of gold being in the ground ready to be mined, but we cannot get a price for the gold which would be an incentive to produce it in sufficient quantity.

It seems to me that since this is a matter of international finance and necessity it is a proper case for the government to act as they have and extend this legislation. I do not see any relief of the situation in sight. I would seriously ask the government to give very real consideration, even before the expiration of the three year period, to enlarging the provisions of the act and to do something more than just extend it from year to year as a temporary measure. I think this problem is a more serious and long-term one than the minister has indicated.

• (12:50 p.m.)

Mr. Kindt: May I ask the minister a short question? Does he have in mind abandoning

gold as a measure of value? I gathered from his remarks that this is what he has in mind.

Mr. Pepin: I thought the speech we have just heard was rather good on that subject.

Mr. Kindt: Would the minister enlighten me on whether he believes the use of gold as a measure of the value of other commodities is likely to continue? Until he has clarified that point it will be hard to resolve the issue. He seemed to indicate in his speech that it had been almost abandoned in the international field.

Mr. Pepin: The hon. member's colleague has just indicated that the best we can hope for is that gold will remain as a basis upon which other form of convertibility will be added. I am not particularly encouraged by that assessment of the future of the gold industry made as I have mentioned, by the hon. member's colleague.

Incidentally I was surprised that after telling us there does not appear to be much future for the gold industry the hon. member for Parry Sound-Muskoka should be willing to subsidize it at a still higher level. I am surprised by the lack of logic in linking his assessment of the situation with the conclusion he reached. I do not wish to be unfair, however, because I admit that other considerations, such as the welfare of the communities themselves, were in his mind. Nevertheless, I have read recent articles by the hon. member to the effect that the time has come for us in this country to return to the logic of Conservative economics and I admit I was somewhat astonished to hear him say the time had come to raise subsidies, just as though he had suddenly become an adherent of the New Democratic party.

Mr. Martin (Timmins): In view of the lateness of the hour I wonder if we could now call it one o'clock?

Some hon. Members: Agreed.

The Deputy Chairman: It being one o'clock I do now leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Martin (Timmins): Mr. Chairman, we have before us legislation to extend the provisions of the Emergency Gold Mining Assistance Act for another three years. The minister has made it very clear that there are to be no other alterations in this legislation involving this field. This morning he used a word, possibly inadvertently, that could well apply to this legislation when he stated that its purpose was to retard the closing of the mines, or something to that effect. I think the word "retardation" is very appropriate to this legislation which has been on the statute books for some 19 years. It is retarding legislation, and according to the minister its purpose is to retard the inevitable.

• (2:40 p.m.)

I believe the original purpose and intent of the act with which we are dealing today was to foster and maintain the gold mining communities. As we look over the record of what has transpired in the 19 years since this legislation was first enacted we can see what a complete and shoddy failure the act has been in light of the purposes for which it was originally intended. This morning the minister gave a very good outline of the history of the gold mining industry since the act first came into being. It is a history of bankruptcy of ideas and the failure of the policies of the governments of this country over the past 19 years with regard to the gold mining industry. This is what it has been and this is all that it has been—a history of bankruptcy and failure.

The act has not done the job it was originally intended to do. It has been extended from year to year. The very name of the bill should make us realize what a complete failure it has been. Twenty years later it is still called the Emergency Gold Mining Assistance Act. How long does an emergency exist and when do we stop trying to fool ourselves?

The minister mentioned some of the statistics contained in the report of the administration of the Emergency Gold Mining Assistance Act for the fiscal year ended March 31, 1966. We see, for example, that in the first year subsidies were paid, 1948, there were some 117 mines which received assistance from the federal government and in the next year, 1949, there were 122. In 1949, when the highest number of mines was being assisted by the federal government, they received some $12,571,456.90 in assistance from the Canadian taxpayers. By 1965 this number had dropped to 41 but they still received approximately the same amount, $12,053,385. What this really means is that while the contribution by the Canadian taxpayers to this industry has remained practically constant throughout these 19 years, the number

of mines participating in the plan has dropped from 122 to 41, which leads us to wonder what assistance this has been to the gold mining communities since this has been the purpose of the act since it was passed in 1948.

I should like to be even more specific by illustrating a situation with which I am very familiar. The Hollinger mine in Timmins has been the biggest gold producer in the Timmins area and in fact has been the second largest gold producer in the world over the past quarter of a century at least. Since 1948 the Hollinger mine has received in subsidies from the Canadian taxpayers some $19,771,-145.93, according to the information in the blue book we have here. This includes their three properties, the Hollinger mine at Timmins, the Ross mine at Holtyre and the Young-Davis mine at Matachewan which has been closed down for some years.

We have been notified that within the next year or possibly 18 months the Hollinger mine will be closed down. Therefore we have a situation about which I am well aware. Miners who have worked in the Hollinger mine, some of them for 40 or 45 years, are being thrown out without a pension of any kind. They are being tossed out like an old pair of shoes that one tosses in the garbage can, in spite of the fact that the Canadian taxpayer over the past 18 years has paid $19,771,145.93 to this one company.

How effective has this act been? What have we accomplished? I wonder just how much thought parliament, this government, the government which preceded it and the previous Liberal government have given to the administration of the act, because some very strange things come to the surface if one studies it at all. For example, most of us are quite aware that in 1953 there was a great strike in the gold mines. All the mines in the Timmins area were out of operation for periods varying between five months and seven months. I do not remember the exact date but I believe the Hollinger mine was out of operation for about six months that year.

If we look at this book, keeping in mind that the report is really for the previous year's operations we find that the year before this strike and the year after it the taxpayers of Canada paid a subsidy to this company of $665,908.59 just in respect of the Timmins operation alone but that for the year 1953 when the mine was closed down for six months, when the miners did not draw wages and the community did not receive the benefit of their wages for six months, the taxpayers paid the Hollinger mine $1,012,-139.49. Without making a deep study one has to assume that it was a very profitable venture for the Hollinger mine to allow those men to be out on strike for six months because its subsidy from the Canadian taxpayers doubled for that year.

This is just an illustration of why I am trying to make the point that the Emergency Gold Mining Assistance Act has never been a solution to the problems of the gold mining industry. Apparently it never was intended to be that but rather a gesture to try to fool the public. By dipping into the taxpayers' pockets for the last 20 years governments have been able to maintain this gesture which has solved nothing. The minister said today, supported by the hon. member for Parry Sound-Muskoka, that there is no future for the gold mining industry. The legislation is just a palliative so that the old pensioner who we know will die within a few years will have a little pittance to make things easier for him until he gasps his last breath.

The legislation the minister is presenting today is for the purpose of extending the act for three years. He gives no particular reason for setting that period. If we look at the history we find that over the past 18 years the mines have closed at the rate of five a year. All he had to do to look after the situation was to extend the act for 18 years, because there will be no communities left if we continue the same policy that has been followed in the past. The minister and the hon. member for Parry Sound-Muskoka have both subscribed today to the idea, which unfortunately has been promoted and sponsored by the Minister of Finance, that gold is of no more good to the world and that we should get rid of it as quickly, decently and quietly as we can. I do not agree with that theory, Mr. Chairman.

• (2:50 p.m.)

Mr. Aiken: Mr. Chairman, I rise at this moment to make a clarification. I am sure if the hon. member had listened carefully to my speech he would not have made that assumption.

Mr. Martin (Timmins): Mr. Chairman, perhaps I made the wrong assumption but I followed the hon. member's speech very carefully because I wanted to find out what the Conservative party policy was as expounded by their leading spokesmen in this field. Perhaps I was confused, but *Hansard* will speak for itself and we will have a look at it

tomorrow to find out, if indeed we can, just what their policy is.

I know that the Minister of Finance, apparently with the support of the Minister of Energy, Mines and Resources, believes that the sooner we get rid of gold as the means of international exchange the better off we will be. I understand that the Minister of Finance at the present time is attending a meeting of the International Monetary Fund, and if we can believe the newspaper reports the major objective of that meeting is to find some substitute for gold to be used as the medium of international exchange.

Let me remind the minister that if we make a study of history we will find that for 5,000 years people have been looking for a substitute for gold but for 5,000 years have been unsuccessful in finding one with any lasting value. I predict without one shred of hesitation that their efforts will be as unsuccessful this time as they have been for the past 5,000 years.

Gold is something we have in Canada which very few countries in the world have today and it is something that is sought for by every country in the world. It is something that is always going to have a sales value because it is one commodity that over the centuries has been accorded the complete trust and confidence of nations all over the world. By pursuing such a policy as the government are pursuing at the present time they are, in my opinion, following a course which is complete idiocy.

The minister pointed out in his speech that there have been no new discoveries of gold. This is not really true. There are new discoveries, some of which I know of myself. There have been new discoveries of gold but they will not be promoted or exploited at this time as long as we have a fixed price that bears no sensible relationship to the value of money today. They will not be exploited or developed as long as the government continues the policy announced by the Minister of Finance of attempting to replace gold with some kind of funny money.

We have noticed over the past 20 years that the number of gold mines in this country has decreased from some 250 to about 30. As I mentioned earlier, at the rate they are being operated they may last for another five to ten years and that will be the end of gold mining until such time as world events catch up to us. But then, after great stress and strain and possibly another depression like we had in the 1930's, gold will come back into its own and we will start over again. Apparently it is impossible for this government to learn from history and the mistakes of the past.

[Mr. Martin (Timmins).]

There are a great many things I should like to say about gold, but the minister indicated very clearly that he is not interested in gold. The debate today is confined to a three year extension of a policy that certainly everyone must recognize is nothing but a dismal and utter failure. I think any remarks I might have to make about gold, its price and place in the world markets would be better reserved until the Minister of Finance returns from the I.M.F. meeting. At that time we can perhaps return to this problem with a minister who will accept some responsibility in this field.

[*Translation*]

Mr. Caouette: Mr. Chairman, this morning I listened very carefully to the Minister of Energy, Mines and Resources, as he was explaining the urgency for parliament to approve resolution 34 which reads as follows:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to extend its application to the years 1968, 1969 and 1970.

The purpose of this resolution is to enable the government to assist gold mines for the next three years, or from December 1967 to December 1970.

Mr. Chairman, the hon. minister has stressed the importance, for the government, of providing assistance to northwestern Quebec and northeastern Ontario with respect to gold mining. It is common knowledge that these Canadian areas had gold mining developments which, unfortunately, had to be closed down. Recently, I read in the August 1967 issue of a Montreal periodical, *La Prospérité,* vol. V, no. 1, a greatly significant article.

The mining industry has been for the last 30 years the backbone of the economy in this area. Apart from the Mattagami and Chibougamau developments, located 185 and 330 miles respectively from Rouyn, there is a drastic curtailing of mining production.

• (3:00 p.m.)

The figures mentioned and quoted by the minister in his explanations prove undoubtedly that there is a substantial drop in the mining production in that area.

Thus, in the area of Val d'Or, several gold mines, namely East Sullivan and Sullivan Consolidated, have almost ceased all production. The Malartic mines have slowed down production.

There also mines have been closed.

In Rouyn-Noranda, the problem is just as acute. Over the years, Noranda has become the reduction centre of copper concentrates of northwestern Quebec and northern Ontario. Now, among the twenty copper producers sending their copper concentrates to Noranda to be reduced, several will stop their shipments shortly, including the Beauchemin family mines. In a couple of years, if new ore deposits are not found, the Quemont Mining employing more than 500 persons will have to close.

It is obvious that Quemont will close its doors; it has already said so to its employees.

Normetal Mining—

—north of La Sarre—

—and Lake Dufault Mines are experiencing serious difficulties. At Noranda Mines, which has 1,700 employees, the ore reserves are diminishing rapidly from year to year. Some fear that this company will have to lay off a lot of men in the next five years or so. The prospects are therefore far from bright.

Besides the minister admitted it this morning. The prospects are not bright as far as the prosperity and labour market are concerned in that region because with the exception of the mines, there is no secondary industry there. A few years ago we should have had, for instance, the zinc refinery which was set up in the Valleyfield area instead to process the ores coming from Noranda or northwestern Quebec.

This zinc refinery employing possibly more than a thousand men should have been established in the northwest—this industry belongs to our area—but no government, federal or provincial, has intervened nor asked the Noranda Mines Co. to set up this secondary industry in the area where the ore is mined. No! The plant was allowed to go to Valleyfield, where there is neither copper nor zinc.

There is neither zinc nor copper in Montreal and the suburbs, on St. Catherine Street, but that is the spot decided upon to set up a secondary industry.

Thus, the prospects are not very gay and, within five years, we will have large scale lay-offs at the Noranda Mines whose resources are not eternal.

Mr. Chairman, I say we must support this resolution with all our might to maintain the assistance to the gold mines and I say that, in the circumstances, we should improve such assistance in view of the fact that there are no other industries in our area to give work to our manpower which is being displaced or laid off every day.

We have tremendous potential. For instance, it is well known that between La Sarre, Rouyn-Noranda, Amos or Val d'Or, towards James Bay, there are untold riches, invaluable wealth, but no one in the past 15 or 20 years has thought of a way to ensure their development.

We have heard about an engineer called Mr. Kierans from Sudbury who, after having studied the situation, brought forward a program to develop the wealth of James bay, by using, for instance, the Harricana, the Rupert and another river—three rivers in any case —to divert the waters of James bay to the south as far as the great lakes. This Kierans project was found somewhat unrealistic when it was brought forward.

Today, we have people, mostly from the provincial government, exploring the James bay area. Last year, businessmen, the boards of trade, people from every social level, in the area of La Sarre, Amos, Val d'Or, Rouyn-Noranda and Malartic got together to develop a road from La Sarre to James bay. Last winter, I believe, they built a stretch of road of about 40 to 50 miles. Those people performed that work without the help of any government, either provincial or federal, and today, it is finally being realized that it might be important to extend explorations a little further in that northern region.

Mr. Chairman, this is only one field. That part of the country is exceedingly rich in forest resources. Water resources are almost fantastic, if only we tried to develop them to compensate for the gradual disappearance of mines in that area. That is no doubt what prompted the editor of *La Prospérité* to write in the August 1967 issue, and I quote:

Prospects are therefore far from heartening as far as the prosperity in that area and the labour market are concerned. More than 3,000 jobs are involved. It is time to plan, consider and prepare projects—

I think that the studies have been lenghty enough and that it is time for action, for positive measures, for realizations. The article reads further:

—even to consider vocational training classes—

They are already somewhat in progress, but they are just starting.

—for those displaced miners.

In a few years, it would be too late to consider the solutions to implement. While there is still time, let us see big and realistically.

Mr. Chairman, I said earlier that we have considerable forest resources.

The minister complained, this morning about the fact that the federal government has to pay $15 million a year to keep the men at work in the gold mines. Moreover, the minister even maintained that the federal government, through its subsidies, contributed approximately $1,500 for each miner working in the subsidized gold mines.

I do not doubt the figures quoted by the minister. It might be true that the subsidies amount to a contribution of $1,500 per gold miner, but subsidies have already been extended to other segments of the Canadian economy. We grant subsidies to the western wheat producers in order to increase the farmers' income. This is not surprising for the minister.

• (3:10 p.m.)

The fact that we export wheat to Russia, China and various other communist countries can give the government a reason for granting huge wheat subsidies, because wheat can be exported.

Mr. Chairman, the minister knows full well that all the gold produced in Canada is easily exported. The United States would buy all the gold we produce. If we doubled our production within a year, the United States would buy it all. The minister knows that.

This morning, the minister made a comparison with the coal mines in the maritimes. I could not help arriving at the conclusion that the comparison does not apply. Coal has a monetary value as such, while gold is accepted as the basis for international exchange. Coal is not and never will be. There is a difference. Therefore, a parallel between the two, between the coal mines to which we grant subsidies in the maritimes or in Alberta, it matters little, and the gold mines in northwestern Quebec or anywhere in Canada, is simply not logical to my mind. We are sure that we can export the gold we produce.

Now, the minister tells us: well, in 1934 or 1935, the price was set at $35 per ounce. That is not enough. It is obvious that it is not enough. Indeed, we know it is not. In 1958 I believe—if I remember well—the United States themselves decided to allow a subsidy of $44 per ounce in addition to the price of $35 set by agreement. The total price for one ounce of gold, as produced in the United States, is thus $79.

Mr. Pepin: Mr. Chairman, I would like to ask the hon. member for Villeneuve (Mr. Caouette) where he gets those statistics; I have just been talking to Washington and I

[Mr. Caouette.]

am told that there are no subsidies whatsoever for gold-production in the United States and that the $44 or $45 subsidy mentioned by the hon. member is just the amount as claimed by gold producers, but it never became part of the American policy.

Mr. Caouette: Then, somebody is lying, Mr. Chairman, and I do not think that it is I. I have in my hands a Toronto newspaper dated July 23, 1966 which says:

Marked rise of gold mine securities following Washington's decision to increase its subsidies to gold producers. Gold mines reached a new peak—

—that is on the stock exchange—

—while the banks fell off yesterday on the Toronto stock exchange at closing time.

Earlier, I advised the minister to call the Toronto stock exchange so as to be sure not to miss the mark.

The rise of the gold mines stocks is the result of the approval by the internal committee of the United States house of representatives of a bill providing an increase in subsidies to gold mines. The bill, passed yesterday, states that the mines in operation will receive subsidies equal to six per cent of the value of the gold produced during the years elapsed since 1939. The operators of inactive mines will receive subsidies equal to $44 per ounce, above the fixed price of $35 per ounce fixed in 1939.

This was in 1935.

Among the banks, the Bank of Nova Scotia, the Toronto-Dominion Bank and the Royal Bank lost ½ point respectively—

as a result of the decision taken by the United States house of representatives to approve that legislation to grant an increase in subsidies to gold mines.

Mr. Pepin: Mr. Chairman, I wish to point out that, according to the article, it is a bill of the house of representatives. It is quite possible that it has never come in to force. This is what I am told in Washington.

Mr. Caouette: Mr. Chairman, is it the American congress which informed the minister this morning or at noon about subsidies. Are subsidies paid to gold mines in the United States? How are they called? Does the minister know?

Mr. Pepin: I have been assured that no subsidy is paid to gold mining in the United States.

Mr. Caouette: Is the minister aware of the fact that gold mines could not operate at $35 per ounce in the United States, just like in Canada?

Now, how can the mines maintain their operations when the wages paid there are twice as much as the wages paid to our gold miners in Canada?

Mr. Pepin: I think it is possible that the ore is richer in the United States than in Canada, or that the operations are more efficient down there.

Mr. Caouette: At any rate, Mr. Chairman, one thing is sure. Gold mining operations are more profitable to American than to Canadian companies. The minister, as well as ourselves, received last November the brief of the Regional Economic Council for Northwestern Quebec, the brief of the cities of Val d'Or-Bourlamaque-Sullivan and Malartic, mentioning that even the operators of inactive mines will be paid subsidies of $44 per ounce over the fixed price of $35, but the Regional Economic Council calls the government's attention to this fact:

> However, we deem advisable to emphasize certain aspects which have been developed more particularly in various areas of northwestern Quebec, but which will also effect more or less seriously all the areas concerned in both Quebec and Ontario, according to the situation prevailing in the various communities:
>
> 1. A general closing down of gold mines could create disastrous social and economic problems leading to the complete bankruptcy of certain centres and their population.

The minister took that into consideration. He stated, this morning, that it was especially because of the social and economic problems that the government is willing to go on subsidizing the gold mines.

The minister also told us that this does not mean that he wants the gold mines to continue their operations, but merely that they are to be allowed to die out gradually. We continue to subsidize them so as not to upset too much the sociological conditions in those areas and to enable the mines to close down gradually.

• (3:20 p.m.)

However, Mr. Chairman, I maintain that even if we had other types of secondary industries, the government would not like to see all the gold mines in our region close down. It is one of the most important gold producing regions in Canada.

If all those mines were to cease production tomorrow, if no gold were mined in Canada at all, the minister would perhaps be among the first to complain because we use this gold to negotiate with many countries in the world through the United States which, for their part, accept gold as a means of exchange, in return for commodities which we need and to balance our commercial deficits with them or with other nations.

However, we know that there are other solutions to the problem. We know that these gold mines eventually—

[*English*]

The Chairman: Order. I must advise the hon. member that the time allotted to him has expired. Does the hon. member wish to continue? Does the committee give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

[*Translation*]

Mr. Caouette: I thank the committee, Mr. Chairman, for giving me, for another few minutes, the opportunity to continue my remarks about this very important resolution, a resolution, moreover, which especially concerns the area I represent here. Since we, in northwestern Quebec happen to be right in the heart of the problem, I should like to go on quoting the brief which the Regional Economic Council of Northwestern Quebec submitted last November—that is about a year ago—to the hon. minister, to the right hon. Prime Minister (Mr. Pearson) and to the hon. Minister of Finance (Mr. Sharp). Here is what the Council said, with the support of the cities or the municipalities concerned:

> The need for the workers in the gold mining industry to receive salaries on a par with those paid workers employed in the extraction of base metals.

The hon. minister is certainly aware that in the Val d'Or and Malartic areas, the difference in salaries is intolerable.

As a matter of fact, a worker in a certain mine will perhaps earn as much as $1 an hour less than a miner employed at the Noranda mine or in one of the mines of northeastern Ontario. Yet, living conditions are the same, the cost of living is exactly the same at Val d'Or and Malartic as in Rouyn, and if the miner who has a family to support earns $1 an hour less than the one who works at the Noranda Mine, or at the Quemont mine or at the Lac Dufault mine, at that time, Mr. Chairman, there is an unaccountable gap, because mines cannot pay more, since they do not have the means to do it. That is why towns like Bourlamaque, Val d'Or, Malartic, Rouyn-Noranda, as well as the municipal councils and the Regional Economic Council

are asking the federal government and the minister involved to increase the aid to the industry, not to allow the companies to make more profits, but to enable them to pay better wages to their employees so that they may reach at least, the average salary level paid in the area.

The Regional Economic Council is perfectly right in that respect when it says, and I quote:

> The desirability of amending the exploration program in northern Canada, in order to enable the companies operating in the municipalities concerned with the gold mining problem to find alternative solutions for those that will have to close down eventually.

But one way to stop the closing down of those mines is to increase financial assistance; another way is to promote exploration and discovery of new mineral deposits. There is a tremendous potential for discovery of hundreds of new mines in the area extending north to James bay. What potential indeed! Another alternative: the local use and processing of our forest products. If the government is reluctant to pay $15 million in subsidies to our gold mines, that $15 million should be spent to establish secondary industries in our area and the government should insure that our displaced or laid off gold miners find new jobs in new plywood factories, for instance.

We have a group of businessmen who are now trying to start production of plywood in the Val d'Or area. It is very difficult to catch the ear of the Industrial Development Bank; it takes six months to get an answer to an application. It takes sometimes a year and a half to two years before getting results, when it is not a flat "No" and we are then told: Try to arrange your balance sheet otherwise; however, it would be a viable industry, an important secondary industry which would transform on the spot the product of our forests.

Mr. Chairman, if this subsidy of $15 million paid to gold mines were increased to help the establishment or the creation of secondary industries in our own country, it seems to me that the operation would be much easier and a great deal less painful than it is now. In fact, the minister knows very well that even with his new legislation to extend the payment of subsidies for a period of three years, he still will not be able to solve the problem. Within three years, the way things are going, most mines in Malartic-Val d'Or will be closed.

[*Translation*]

Our workers, our miners who have been living in the area for 25, 30 years will have to leave and go either to northern Manitoba, or to other sections of the country and everything will be lost in the cities where a great deal of money has been spent by the people, the leaders of our region, because of lack of planning.

I warn the minister about that situation, but he is well aware of it. When he says that the federal government is not the only one to blame, I agree with him. The Quebec government should also do something in that field. If the Quebec government insists on taking charge of everything in the province, it should start by assuming its responsibility with regard to the miners who are being displaced or are losing their jobs because the gold mines are closing their doors.

It is clear that our region which has been dependent on those mines for some thirty years cannot expect to continue to live off those mines to the end of time.

Now, Mr. Chairman, I wish to point out to the minister that even if it is true that Quebec must take its responsibility, even if it is true that Quebec does not co-operate with Ottawa and turns a deaf ear, whatever political party is in power as the minister said, he should just the same take the lead in suggesting, a more adequate remedial measure than subsidies, because it is the federal government that pays the subsidies.

The people of our area would be grateful and would understand the importance of establishing secondary industries as an alternative to mines which are closed or gold mines with low grade ores which are not profitable.

Then, the Minister of Energy, Mines and Resources will have recognized that there is in north western Quebec, an enormous quantity of potential energy ready to develop, and that with good will and financial assistance, of course, it will be easy to correct the alarming situation which is now prevailing in our area.

[*English*]

Mr. Leboe: Mr. Chairman, I shall be only a few minutes because I am one of those who believe that the renewing of the assistance program is very essential to the gold mining industry, and we in this group give our support to this resolution. However, there are some points I should like to cover in regard to the matter which have to do mostly with

the cold, hard facts put before us by the minister in connection with the phasing out of the gold industry in Canada, particularly those mines that do not have the type of ore to work which will make their operations profitable under today's standards.

The amount of money being spent in this regard can, I think, be considered to be negligible in light of the sum of money spent, for instance, on national defence. We consider that national defence is required and that we need to spend money on the armed forces. However, I think it is equally true that it is important that we assist the gold mining industry.

As most hon. members know, the Cariboo is synonymous with the gold mining industry. For many years a gold mine was in operation at Wells. It is one of the gold mines to which the minister referred when he said that certain mines had gone out of business. It is heartening to note that the mining operation at Wingdam, a very short distance from Wells, is now being revived, and it seems that we are going to see considerable activity in placer mining in this area.

Another matter that the minister stressed was that the people now employed in these various communities will readily be taken care of by the department of manpower. I should like to draw to the attention of the minister, who can perhaps draw it to the attention of his colleague, that other people in these areas are affected by shutdowns in addition to those who are on the payroll of the operation in question. I refer to those who supply services that are required, such as operators of grocery stores, meat shops, garages and so forth.

When the minister of manpower makes provision to assist individuals in the exodus which occurs when a plant is shut down, I would point out to the minister that people in small businesses who over the years have just been making a bare living servicing these communities are left high and dry. No provision is made to give them assistance to ease the plight in which they find themselves. It is heartening to note that when this occurred in the town of Wells the people there were determined to find ways and means of retaining their community life, and I think this is typical of other communities. They have a love for their own community. They have helped to build it and they do not want to pick up and leave. I do not know what can be done to assist people who find themselves left high and dry. All their customers pretty well disappear when the plant closes down and the workers are cut from the payroll and leave. There are no customers at all to buy from their stores and the situation becomes very serious for the owners.

It is not only a question of the participation of the federal government in this regard but also one of very close co-operation between the federal government and the provincial government concerned. Provincial governments certainly have a very large responsibility in these matters in addition to the federal government, perhaps much more so than the federal government when the chips are really down. It seems to me there is room here for very close liaison and for a co-operative effort between the provincial and federal authorities so as to make certain that all of the people affected, not just those on the payroll, receive some consideration, and that the means is provided to re-establish themselves in one way or another.

• (3:30 p.m.)

That is all I want to say today. I could go into great length about the history of the Cariboo country but I will merely suggest to hon. members that if they wish to find some really interesting reading they should go to the library and take out some well written books on the subject of gold mining in the Cariboo. They will not be disappointed.

The Chairman: The hon. member for Yukon.

Mr. Choquette: Is he still a member?

Mr. Nielsen: Mr. Chairman, I will be grateful if you will tell the hon. member for Lotbinière to shut up and stop his "ki-yi-ing". He seldom adds a useful word to the discussions in the house.

Mr. Choquette: The hon. member has been away for one year and it is a shame to see him back.

Mr. Nielsen: The hon. member for Lotbinière may be interested to learn that my riding, unlike his, contains 207,000 square miles and it takes me five weeks to get around to each community once.

Mr. Choquette: The population is so concentrated that there is no need for you to stay away for one year.

Mr. Nielsen: I wish the hon. member for Lotbinière would concentrate on removing himself behind the curtain for a few minutes.

Mr. Choquette: No, I shall listen to you. I am watching you.

The Chairman: Order. This might be an appropriate time to allow the hon. member for Yukon to carry on with his remarks on this resolution.

Mr. Nielsen: Mr. Chairman, I rose to direct my remarks to the resolution before us but I am sure you would not expect me to permit the inane remarks of the hon. member for Lotbinière to pass without challenge. They are typical of the tactics of hon. members opposite.

Mr. Woolliams: Constituency of Windsor Castle.

Mr. Nielsen: The gold mining industry of Canada finds itself in a paradoxical position. On the one hand the world is short of gold and on the other the gold which lies in our mines in Canada is going to waste while the government in Ottawa does not appear to be doing much about it.

I was astonished by the minister's complete lack of interest in the whole subject. He rose in his place and mechanically presented a proposition to extend the provisions of the act for another three years. He stumbled over a few statistics and then gave the industry the kiss of death by saying that the only reason for the extension of the legislation was to allow gold mining to die gracefully.

I come from a riding which has 90 per cent of the placer gold producers in Canada. The placer gold production of Canada may be relatively small. During his statement the minister repeatedly made the point that the cost of the administration of this act was $231 million. I would point out that production in the Yukon in the first few years at the turn of the century more than equalled the cost of the administration of the act since its inception. The minister has kindly sent me the statistics for which I asked in respect of placer mining. In 1948, of 30 such mines 20 were in the Yukon; in 1950, of the 24 that were operating in Canada 19 were in the Yukon; in 1955, of the 22 operating mines 17 were in the Yukon; in 1960, of the total of 26, 20 were in the Yukon. The total the minister has supplied for 1965 is 22 with no figure given for the number of operators in the Yukon, but I dare say it remains at 19 or 20.

If he looks at the annual report for the year ended March 31, 1966 the minister will find that, throughout all those years, of the total applications for assistance under the act about one third in number came from people who conduct placer mining operations in the Yukon. Indeed, the largest placer mining operation which existed in Canada until 1966 was that of the Yukon Consolidated Gold Corporation.

This brings me to a point which the minister made. He made special reference to manpower and the high cost of labour. This is indeed a problem not only in the gold mining industry but throughout the mining industry generally. Rather than offer the incentives which are offered with regard to manpower mobility the minister might be well advised to try to convince his colleagues that there is a desparate need for the training of miners in this country. United Keno Hill Mines Limited in the Yukon has drastically curtailed its operation, not because the company was running out of good ground but because it could not meet the labour requirements of the operation, partly on account of the high cost and partly—and this is the point I am now making—because of the unavailability of skilled miners. This is a problem which confronts the whole of the industry.

The solution proposed by the minister is to close down the mines, extend the period of assistance for another three years and perhaps for a further three years, and then let the industry die a graceful death. He seemed to be entirely disinterested in the fiscal ramifications involved. I tried to get the minister to say whether or not he was in favour of increasing the price of gold. He ducked that question. In fact, he went on record as saying, not once but twice, that the gold mining operators who had made representations to the government agreed with him that there was no hope for an increase in the price of gold.

This left me with the impression that no representations for an increase in the price of gold had been made to him. However, in the brief submitted by the gold mining communities comprising some 35 communities in Canada, supported by the regional economic council of northwest Quebec, supported by the association of mining municipalities of northern Ontario and by the northwestern Ontario development council and co-ordinated by the department of industry for the town of Timmins, recommendations in this regard come through loud and clear. They have said on page 4 of their submission, and I think it is worthwhile to put it on the record, that they want a revaluation of the world's currencies in terms of gold under the

terms of the I.M.F. agreement. They want a gold price of $70 to $100 per ounce, and say this would provide a valuable interim measure and long-term support to world currency reform.

• (3:40 p.m.)

Mr. Pepin: If the hon. member would not mind a brief interruption I wish to say I do not disagree with that. That was in the representations we received. What I said this morning was simply that it would not be practical at this stage to take into account a rise in the price of gold in determining the policy that we are considering here. That is all I said, and if I may be allowed to quote from the memorandum from the gold mining industry I would point out that it also says:

> The fixed price of gold, as determined by the United States government and supported by the International Monetary Fund, of which Canada is a member, is a world wide problem which continues to occupy the attention of economists.
>
> In spite of the arguments which can be adduced for expanding the role of gold for international monetary purposes by a revaluation of all currencies in terms of gold, it appears to us that such a development cannot be counted on for any aid to the industry in the immediate future.

Mr. Nielsen: I was coming to that if the minister had been patient. I want to be fair to him. I think it is very relevant to the resolution under discussion and to our determination of whether we are going to continue to extend what has been described by my hon. friend from Timmins as emergency legislation since 1948. I believe that the minister as the minister representing the mining industry, and the gold mining industry in particular, should be able to say whether he is in favour of a rise in the price of gold. He should be able to tell hon. members whether the Minister of Finance has gone down to Rio with a view to trying to convince those with whom he will be holding discussions that there should be an increase in the price of gold. Yet the minister has been unable to do this. It struck me that he showed a remarkable lack of interest in the whole matter of the fiscal ramifications.

The minister said that exploration is not the purpose of the act. While he is quite correct in saying that exploration costs, as we all know, have no direct connection with the mining operations, they are calculated among other factors in determining the assistance that is rendered to applicants under the act. In actual fact the minister is out in left field when he says exploration is not the purpose of the act or that the act does not take into account exploration beyond the operations of any particular producer. I would like to draw to his attention that during the many years that Yukon Consolidated Gold Corporation was drawing assistance under the act it was operating in an area which we locally call the Loop, 80 miles of creek, and it was constantly exploring up the creeks and down the creeks for new gold bearing gravels and earths. If this assistance had not been available to the corporation for this purpose it likely would have packed up operations a good many years before it did.

That brings me to the next point, the matter of keeping gold mining communities viable. The minister said that his forebears went to the Yukon in the early days and settled in the Dawson City area. He himself recently visited Dawson City. It must have struck him, as it does thousands who come from the outside, that there once stood the fourth largest municipality in Canada, now virtually a lost community because of the gradual decline of the mineral industry in the area. Recently there have been some signs of encouragement with the finding of asbestos 40 miles away, but that is quite a distance from the municipality. While we can mobilize relocation of manpower in areas like Cape Breton when an economic problem occurs that requires the closing of a coal mine, it is pretty difficult to mobilize the relocation of a whole municipality. This is what the government is confronted with in connection with places like Dawson City. When gold mining does move out of that area, although certainly it has by no means left yet because we still have a number of small placer operations supporting this and other communities in the Yukon, then the situation will reach the stage where other devices will have to be found to maintain the municipality.

Unlike the previous government, certain of whose tourist investments in that area were scoffed at and scorned by hon. members opposite when they sat on this side of the chamber, this government is displaying remarkably little interest in that kind of direction to the type of community that suffers as the result of the falling off of the mineral industry, in this case the gold mining industry. The minister's colleague, the hon. member for the Northwest Territories, will tell him that the whole northern area of Canada is a mecca for tourists from all over North America. Therein lies a treasure house for the federal government in tourist dollars if it would but realize it.

With respect to exploration I would also point out there is seldom a prospector who does not go out into the bush with a gold pan in his pack. Surely it cannot be against the interests of this country to find more gold mines. If that be the case then I must be more lacking than I thought I was in my appreciation of the value of gold and of the economic need of this country to have it. To be confronted on top of all these problems facing the gold mining industry with recommendations that have the possibility of acceptance, such as those contained in the Carter report is just about putting the last nail in the lid of the coffin of the mining industry as a whole and particularly the gold mining industry.

The minister made certain remarks about a lack of new discoveries. The hon. member for Timmins brought him up short on that and, incidentally, also criticized the hon. member for Parry Sound-Muskoka for not offering policies although he himself did not make one single constructive suggestion to meet the problems. Discovery Mines in the Yukon is one such new find which produced gold for a few months and then had to close down because of problems of high cost.

The whole mining industry in the Yukon, let alone the gold mining industry, operates in a very high cost area. The same situation prevails in the Northwest Territories. There the mining industry also has its problems. Not only mines but individuals are met with almost prohibitive costs in almost every sector of consumer demand and the consumer dollar.

The other day we had a debate on housing. Every house built in the Yukon for miners costs 30 per cent to 40 per cent more than a similar house in Calgary, Edmonton, Ottawa or Toronto. This is the kind of factor that should be taken into consideration when applying legislation of this nature to areas of this kind.

I say to the minister that he should take an adamant stand with his cabinet colleages and insist that the Carter report recommendation that the three year tax exemption period on new mines be abolished be flatly rejected. If he does so he will find 100 per cent support from the mining industry as a whole. I also suggest to him that he should impress upon his colleagues the need for flatly rejecting the Carter report recommendation with respect to depreciation and capital cost allowances. He will also receive 100 per cent support for that stand from the mining industry.

• (3:50 p.m.)

This industry, I am sure has made representations to the minister. I do not think the minister can gainsay me when I say there is not one single responsible organization connected with the mining industry which has not condemned those two recommendations of the Carter report. I believe I am perhaps in a little more unique position in this debate than any other member even the hon. member for the Northwest Territories who has similar problems in his riding. As the minister has said, there are certain responsibilities the provinces have, but he went on to say that the federal government behaves like a provincial authority in the Yukon Territory and the Northwest Territories.

Mr. Pepin: I did not say "behaves", I said had the same powers.

Mr. Nielsen: I believe the word the minister used was "behave". Perhaps he did not, but that is my recollection. However, that is how they behave; let us call a spade a spade. Not only in respect of this kind of legislation but in respect of any other prerogatives of the federal government, it is my suggestion that they should desist, finish and conclude their habit of behaving like a provincial authority. The sooner the federal government transmits responsibility to the responsible people who live in these areas, the more co-operation and efficiency it will receive in respect of the development of these areas.

The minister also, I am sure, has received many representations from labour. I touched on housing a moment ago. He must remember the briefs which have been submitted to our government by the International Union of Mine, Mill and Smelter Workers, now merged with the steel workers. He must have received their representations in connection with this, as well as the mining industry generally.

The Emergency Gold Mining Assistance Act cannot be considered in a vacuum. There are various reasons for the assistance becoming necessary and for the industry becoming sick in the north. The high cost of labour is perhaps the single most important factor affecting costs. If the minister accepts the proposition that one cannot consider the economic aspect in a vacuum, then he must look into other areas such as housing, unemployment insurance, and all the other related labour problems that have the result of increasing the cost of these operations, particularly in the north.

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. gentleman, but the time allotted to him has now terminated.

Some hon. Members: Continue.

The Assistant Deputy Chairman: Does the hon. member have unanimous consent of the house to continue?

Some hon. Members: Agreed.

Mr. Nielsen: I thank members of the committee for their indulgence. Until the minister convinces his colleagues, the Minister of Indian Affairs and Northern Development, the Minister of Public Works, and all the other federal authorities of whom there are legions, who are poking their noses into the various aspects of the economic fibre of the north, that measures must be taken to reduce the cost of transportation, housing, communication, and all the other myriads of areas where the federal government insists upon jurisdiction, he will have to be continually involved with legislation of this kind. If he expects the mining industry to be a viable self-supporting industry then, in my humble opinion, there must be a reduction of the costs which make this kind of legislation necessary and an endorsement of the kind of recommendation the gold mining communities presented to him in 1966 with regard to the price of gold. Therein, it seems to me, lies the first step in the proper direction toward curing the high cost of living, the high taxes, and the high cost of production in the gold mines generally.

It is only by taking this kind of position, I suggest, that the minister can come anywhere close to solving the problem. It is not one of allowing the industry to die. That is the impression we all received from the minister's remarks. The industry, far from being supported and far from being looked at as an industry which must be arrested in its downward trend, should be looked at as an industry which should attract attention with the ultimate objective of making it a viable, healthy, self-supporting industry. This cannot be done by the sort of negative approach the minister seems to be taking.

Mr. Orange: Mr. Chairman, earlier today the Minister of Energy, Mines and Resources made official his announcement that there would be a three year extension of the Emergency Gold Mining Assistance Act which, in effect, will permit the gold mining companies and communities to exist for another three years. As we heard earlier, in the past year we have had representations from the gold mining communities, The Mining Association of Canada, the unions and others, asking the minister to make a statement which would set at ease those who are involved in the program in these various areas.

I expect that today's announcement, which has been public knowledge for a few days, will have removed some anxiety from the minds of the people in the groups concerned. It is a long awaited statement and one which possibly treats the top of the problem but not necessarily the root of it. We have heard the various members who have spoken here today mention the problems facing the gold mining industry in Canada. We have heard that it is the only commodity in this country in respect of which prices have been fixed since 1935. It would be redundant for me to talk about the problem producing a product on which the price is fixed and the costs are moving up all the time.

I should like to think for a moment that possibly part of the history of our Canada, our west and our north is based on gold. We heard the hon. member for the Cariboo talk about the exciting days when gold was discovered in the Cariboo. We have heard the hon. member for the Yukon talk about the Klondike. When I was a youngster acting as a caddy carrying golf clubs around a gold golf course, I recall carrying the golf bag of a famous Klondiker, Mike Mahoney, the man whom they say carried a piano over the Chilkoot Pass.

• (4:00 p.m.)

Mike was a fantastic person. He started mining with real interest in the Klondike. I think it is an historical fact, as pointed out by the hon. member for the Yukon, that he made a contribution to the growth and development of Canada to the extent of hundreds of millions of dollars.

At this stage we are confronted with a problem which has social and economic implications. We can go back for a considerable period of time to ascertain the effects of the closing of mines in western Quebec, northern Ontario, in the Yukon and in the Northwest Territories. We know there are plans on the part of governments, past and present, to step in at an appropriate time and provide some form of assistance if and when these communities are closed. I wonder if this is really good enough in light of present circumstances.

Emergency Gold Mining Assistance Act

I have listened to various views expressed here today to the effect that we are not getting to the real root of the problem of gold mining in Canada. We have talked about the problems of manpower in terms of keeping the industry going. In my constituency, our two major mines are operating at 60 per cent capacity because of the lack of miners. It is not difficult to find men to work on the surface or in other capacities in the mill, but it is virtually impossible to find men who will go underground and mine in the true sense of the word.

Perhaps one reason for this difficulty relates to the development of our affluent society in which it is easier to make $600 or $700 per month working in some other line than it is to make $1,100 or $1,200 per month underground. At the same time, I am wondering whether we are missing an opportunity to employ our indigenous people to a greater extent in the production of gold. This suggestion is not really related to the question of increasing the assistance to gold mines, but it does seem to offer some solution to our problem.

I am thinking particularly of the nickel mine at Rankin Inlet in the Northwest Territories where approximately 125 trained miners were released when the mine ran out of economic ore. We have not taken the opportunity to transfer these miners to other communities. This is true to a lesser degree of the Eskimo people working in northern Manitoba. At one time there were between 25 and 30 employed in Yellowknife. Unfortunately, it was difficult to arrange for these people to participate in community life and own their own homes rather than renting houses which were substandard. It was difficult for their wives to become accepted in the community and learn to help in a modern metropolis. This is only part of the problem.

The only way we, as a nation, can determine whether we want this industry to continue is by examining the total effect of gold mining on our national economy. Such a study has not been made. It would include gathering information as to the total amount of bullion produced annually over the last 50 years, the effect of wages paid from the mining operation, the number of service industries and other individuals who depend upon gold mines for their livelihood. We should also consider the taxes paid by mining operations, as well as the personal income taxes paid by the miners and those in associated and related industries. We must also take into account the sales tax paid by the miners and service industries such as aircraft companies, supply organizations and drilling companies.

[Mr. Orange.]

Such a study should also cover the foreign exchange picture and the importance of gold to the national economy as well as the effect the profits of gold mining operations have upon further mineral development. I have in mind particularly the COMINCO operation which has spent a great deal of money in the Northwest Territories as a result of their mining operations in Yellowknife. That company has spent a great deal of money on exploration.

It is my feeling that we should also take a look at practices in other countries such as the United States, not only in terms of monetary and fiscal policy, but also to determine what practices are followed by that particular government.

Mr. Nielsen: May I ask the hon. member a question at this point? Will he state for the record whether he is in favour of keeping the price of gold at $35 per ounce or increasing it?

Mr. Orange: I can answer this question in two ways, and if you will bear with me for a few moments my feeling will become obvious to you. Perhaps, you have already made an assumption.

I should like to place on record a portion of an article which appeared in the September 18, 1967 edition of *Newsweek*. This article reflects to a certain extent the United States viewpoint. The article is entitled "Golden Harvest", and that does not refer to grain from the prairies. It states:

> The government's search for new gold resources is beginning to pay off.
>
> Recent underwater finds off the coast of Alaska have been described by Department of Interior officials as "better than we dared hope for".
>
> New sampling techniques, they say, "are hitting the target every time".
>
> Land-based efforts in Nevada have produced new ways to extract gold from low-grade ores. Mines not used because of the high cost of conventional methods may start producing again.

The final paragraph covers a subject about which I intend to find out more. It states:

> Note: The government will soon announce a program to bankroll seekers of gold and other scarce minerals. It will boost its share of their costs from the present 50 per cent to a ratio of 75-25.

My point is that we should attempt to get the minister to undertake a study of the effect of this industry on the national economy. We have done this before in this country

in respect of other industries. We have heard figures that there are approximately 12,000 people employed in the industry, and I think such a study would be worthwhile. If you refer to information provided by the department, you find there are approximately 130,000 Canadians directly dependent on gold mining.

• (4:10 p.m.)

I realize there must be some reluctance on the part of many people to extend this program. I recognize that the program is not intended to assist gold mines in areas which are outside the range of existing gold mining communities. I have no argument on this point. However, I do have an argument in this respect. In gold producing areas it is obvious to many people that there is the potential for further mineral development.

It has often been said that if the price of gold were increased to what it should be according to 1935 standards, perhaps up to $100 an ounce, within 15 to 25 miles of Yellowknife there would be five more producing mines. I am not suggesting that all these mines would become economic ventures under present circumstances, but I cannot help wondering whether the limitations of the act are not restricting the development in this area and lessening the wealth of Canada.

Like others who have spoken today, I could not represent an area which is dependent to a great extent on the mineral industry without referring to the Carter commission. We all know that the Carter commission was brought into being by the previous government in 1962. This government has received the report of that commission. I believe all of us in the house, particularly members of the former administration as well as the present administration, now have an opportunity to look at the report from a somewhat dispassionate point of view. I fully support the urging of the hon. member for Yukon with regard to the three year tax depletion period. If companies involved in exploration and development did not have the opportunity to recover their capital costs, the mineral industry of Canada would largely disappear.

It is a fact that for every claim staked, for every man who goes into the bush to prospect for the first time, for every exploration and development program, only one in 25 is ever successful. I ask you, Mr. Chairman, how can this country afford to carry on real and viable exploration programs that will ultimately bring to this country the resources upon which we depend if we involve ourselves in some kind of tax program which will destroy the initiative of the little fellow, the juniors, as they call them, to go out and discover our resources?

Once a mine comes into production there is the question of the tax free period for exploration and pre-production expenses. If this program is not retained, the mineral industry in Canada will face serious consequences. Depletion and capital cost allowances are also affected. I shall say very little on this subject because much has already been said and said well. However, I wish to associate myself with the remarks made because I believe that if we wish to develop the primary industries of Canada, particularly the non-renewable resources of oil, gas and minerals, and want these resources to play an important part in developing our economy, we must be extremely careful how we handle the problem.

Reference has been made today to what happens when a community "folds" as a result either of the depletion of ore bodies or the impossibility of equating marketing with production costs. It has been suggested that some of the federal government programs, Canada manpower and others, might assist miners in moving from their present communities to others. Everybody knows that we could place the entire population of any particular mining community in northern Canada at any time.

However, where gold mining communities exist and are viable, and where they will continue for a considerable number of years, I believe that the federal government must consider ways of making these communities more interesting and better places in which to live. I should like to think that the Canadian Broadcasting Corporation's television package for the north will result in people in the industry being more content to live in isolated or remote areas. However, I am not sure that this is the only answer to the problem. I think in terms of the development of adequate housing. In the past, many companies have been somewhat reluctant to invest money in this area. One of the major mines in Yellowknife will next year build 25 homes exclusively for the use of miners. This is just one example. I am sure the company asked itself why they had not done this 20 years ago when they first went into production.

In conclusion, Mr. Chairman, I say to the minister that the extension which he announced today is a good move, but it is only

part of the answer. The whole answer is far more complex. It is fraught with social and economic problems. I hope that the Minister of Energy, Mines and Resources in consultation, particularly as far as the north is concerned, with his colleague the Minister of Indian Affairs and Northern Development, will consider these problems and endeavour to solve them. Then we can hope that the industry will have a future which will be an important part of our Canadian way of life.

Mr. Choquette: Mr. Chairman, I should like to ask the hon. member a question dealing with gold. Is he aware of the fact that the hon. member for Yukon, who has been absent from this house for a full year, has lost a golden opportunity to be a good member of parliament. The hon. member for Yukon has been absent for one year and has been making excuses to the house for his absence.

Mr. Peters: Mr. Chairman, I have over the years had an opportunity of watching the effects of the application of the Emergency Gold Mining Assistance Act. Over the years, I have supported the assistance that has been given to gold mining communities, and intend to do so again today. I was sympathetic with the minister in his introduction of the resolution when he indicated that the only matter in question was the continuation of the subsidy now being paid to the gold mines.

• (4:20 p.m.)

However, I am also aware of the fact pointed out by the hon. member for Okanagan-Revelstoke this morning that this matter should not be discussed in isolation and solely within the terms of the resolution. I think the minister, who has listened to the discussion of this subject today, is well aware of the limitations of this measure. I would like to remind him that his predecessor, the minister who introduced this bill originally, had this to say about emergency gold mines assistance, as recorded on page 4972 of *Hansard* of June 12, 1956.

> I have emphasized, sir, that this measure is no solution of the deep-seated problem of the gold mining industry. The difficulty and the flaw in measures of this kind is that they often lull the government and lull parliament into thinking that the problem has been solved, or at least the problem has been met for the time being. No hon. member should delude himself into thinking that this measure is any solution, even on the short-run basis, of the needs and the problems of the gold mining industry. These problems are going to require much more farsighted solutions than are offered by the hand-to-mouth, stop-gap type of asistance that we have in the present measure.

[Mr. Orange.]

I agree with this statement and I was surprised at the interpretation that has been given to these remarks. The minister gave us the impression that if this emergency assistance were provided for another three years the number of mines in operation would be far smaller than the number in operation today, and that if this assistance were extended as an emergency measure eventually there would be no gold mining industry left and therefore there would be no problem.

The minister is a very astute and capable man. I think he will find that the problem which he inherited in the coal mining industry of the maritimes would be duplicated in the gold mining industry. In both cases, the problem is not so much whether or not it is advantageous to mine a particular commodity but whether or not it is advantageous to the nation to allow the disappearance of the industry with the resulting calamitous effect on the mining communities. In both cases, subsidies have been granted and the operation has been left in the hands of the mining companies. Of course, this has not been satisfactory. In my opinion, and obviously in the opinion of the minister, a much more sensible solution has been found for the dwindling of the coal mining industry in the maritimes through the establishment of a company to explore the possibilities, not of phasing out that industry but of using the assets that are available in the area to develop an alternative to a subsidy or eventually a substitute industry.

I believe that the initiative of the people in the maritimes and the support that was given by the province, as well as the co-operation of the federal government, will help to bring about a permanent solution to this problem. I suggest that emergency gold mining assistance is not a solution and was never intended to be a solution. It is only a stop-gap measure which has not done the job we had initially hoped it would. It is merely a half measure which has neither allowed the communities to develop nor the industry to phase out. If the gold mining industry had been phased out, then the communities in the area would have been able to turn to something else. However, the mines have continued to operate.

I suggest to the minister that he should turn the Little Long Lac Mining Company into a crown corporation. This company is a parasite. It buys a certain amount of stock in a gold mining community, receives the subsidy and then moves on. Under the 1966 Emergency Gold Mining Assistance Act, certain subsidies are being paid to a number of

mines in my area owned by the Little Long Lac Mining Company. These mines are under the name of the original company, and although the subsidies are not very large they are obviously being eaten up by a parasitic company which is closing down the mines as fast as it can. If the government were to take over the company for a very small investment it would be able to get a very large portfolio. The government would find that for an expenditure of about $20 million within a little over one year it would own most of the gold mines in the country. Let me point out that the assets of those gold mines are very large. For instance the Hollinger company has assets in the neighbourhood of $100 million. With a little co-operation the Little Long Lac Mining Company could buy Hollinger and obtain those assets. The McIntyre company have about $17 million worth of assets in their portfolio, some of it invested in steel mills, iron mills and related industries.

I am sure that with proper guidance from the federal government the Little Long Lac Mining Company could take over those assets and the government would then do a good job of recouping some of the expenditures it has made over a period of time.

However, if the minister is not interested in providing the same type of assistance for the gold mining industry as he has for the coal mining industry, then I suggest he will have to look for some other solutions.

Perhaps I should not delve into the monetary field but I think, as has been pointed out by the hon. member for Okanagan-Revelstoke, we are dealing with a commodity closely associated with currency. People do not usually think of gold in terms of a commodity which we export and yet over the last 30 years it has been one of the largest export commodities in the Canadian economy. On a number of occasions the export of gold has allowed us to balance our payments with our neighbour, the United States, and thereby achieve a reasonable end-of-the-year balance of payments which would not have been possible had we not had this commodity.

It would not be wise for the Canadian government to make a decision based on whether or not gold is worth more to us than $35. Recently, the government, with a great deal of persuasion, has been able to allow the minting of a new coin. I am not suggesting that commodity prices should bear a relation to our currency, but it is a fact that gold is related to currency because the International Monetary Fund has set the price of gold at $35, a price which the United States was willing to pay for that commodity. In Canada we have found a way of selling $1.91 worth of coins for $4. We have now added one $20 gold coin, and instead of getting $1.91 plus the $20 which would be $21.91, we are selling this package for $40. I am quite sure the minister will agree that if we were to make a number of coins, the sale of which would be as popular as the sale of this particular coin has been, we would be able to raise the international price of gold to around $75 or $80 without asking any of our neighbours to buy that commodity. I believe the government is thinking about this.

What I am concerned about is that the Minister of Finance and the Minister of Energy, Mines and Resources do not seem to have consulted each other on what the long range program is to be. Recently the Canadian government decided to hold gold. I am disturbed that about 50 per cent of our production is now being held in reserve by the Canadian treasury. I suggest that if all our gold were to be held in reserve, the amount that the Canadian government would have to pay for this reserve would probably have to be doubled. The only change would be that our export commodity would be held as a reserve rather than cashed in at $35. It is also a fact that we seem to be playing games with the United States. When the United States decided they were going to establish, through the International Monetary Fund, a new form of money which would in reality be United States dollars which would form a backing for all international currency, a great deal of resentment was expressed by some countries, particularly France. If France had carried on the same game, the United States could have been bankrupted because obviously they would have been unable to meet the call for gold.

• (4:30 p.m.)

I think Canada should deal with gold as a commodity on the international market in the same way as pulp and paper and other things, forgetting the fact that it is a precious metal. In looking for markets in the world, we will find that gold will command a much higher price on the open market as compared with the ordinary channel of the London or New York exchanges. We might find then that gold would bear a much closer relationship to the cost of production.

For many years the black market price for gold in China has been in the neighbourhood of $80. Some Mediterranean countries are paying even more. On the bootleg market,

there is a considerable markup on the price of gold. The last time I asked the price on the miners' high-grade market it was $28, but the price the gold was being disposed at was considerably above $35, otherwise, the margin would be too small.

Another interesting subject is the report of the Carter commission. This resolution deals with the gold mining industry, and nobody doubts that unless some changes are brought about in the industry it will do what the minister hopes it will do, that is disappear. Coming from the labour side of the gold mining industry and not the management side, I am not particularly unhappy about this.

I was in Kirkland Lake not long ago and I asked the civic officials there how many gold miners were in the town at the time. Off hand, they had not the faintest notion, and could not even tell me within the nearest 100 or 200 people.

As soon as these mines close down the outlook of the man in the street in Kirkland Lake improves 100 per cent. He no longer is depressed. People talk about the high salaries made by teachers, about the number of people employed at the local hospital. They talk about the people employed on the Jones and Lockyer iron project. They talk about the pulp and paper industry in the area and the new developments in forest products. There is no particular interest today in gold mining.

Reference was made earlier today to a summary accompanying the submission of the Mining Association of Canada, which was lamenting the Carter commission report and the three year tax-free period. This summary reads:

> These, the industry says, are necessary because mining profits are subject to special provincial taxes in addition to heavy "social" costs such as the building of communities, roads, schools, hospitals, etc.; because of the high risk nature of the industry and the high costs of exploration, and because of the "need to return the capital value of the exhausting mine".

What a lot of bunk that is, Mr. Chairman. It just is not true. With one exception, I defy anybody to name one company in the major gold mining communities in my area which has put anything into the community for the good of the community. In Timmins for years and years the Hollinger mine owned the water system. This system has been paid for year after year at exorbitant rates. The system was paid for 30 years ago. The other day the company offered the system to the town of Timmins for $300,000 because they were closing down the mine. They said take it or leave it because they were going to shut off the water. This company never donated anything to the community.

I might add that the only reason this company had a ball park in the town was that it could not be taxed. Now, the mine is closing up and this park is going to be sold and divided into lots for housing purposes. The company will make a capital gain out of it.

I cannot think of one thing that the Lakeshore mine or Wright-Hargreaves did for the community of Kirkland Lake. It is the only mining community in the country I know of that does not even have a Y.M.C.A. None of the social services in the town was paid for by the mining companies. I suggest the Mining Association of Canada is talking a lot of rubbish when they refer to the gold mining industry in the terms they do, because it is simply not true that they are spending any money on exploration or are doing any exploration in the gold mining field.

For the advice of the hon. member for Northwest Territories, in my opinion it is the little guy, the prospector, the man who is a grubstaker who goes out into the bush in the summer and stakes out the maximum claim allowed under the legislation, who should be given consideration. He should be allowed to develop his claim so eventually he has an opportunity to invest in any mining operation developed on the ground he has worked. This does not happen now. I know hundreds of individual prospectors and I cannot think of one of them who shares in a mine.

I know a fellow by the name of Jamieson—the hon. member for Timmins also knows him—who died before he could take part in the operation of a mine. He held a stake in it and was well aware for many years of its value. I have no objection to these small prospectors being given a three year tax-free exemption, but I want to tell the committee how phony that is.

In the province of Ontario INCO makes a profit after taxes of $114 million. How much, Mr. Chairman, does the mining industry in Ontario pay by way of mining taxes? This industry pays $15 million, which does not even cover the cost of operating the tax department. I am not sympathetic to Rio Tinto or to Inco, which is going to put in another nine or ten shafts in the near future; each of these companies will get a three year tax-free exemption. Do they need it, Mr. Chairman? They need it like a hole in the head. This is just manipulation, not mining development.

The hon. member for Timmins remarked to me a little while ago: "Don't talk about Texas Gulf in Timmins any more; it now has a new name". I suppose that under the new name the company is now eligible for another three year tax-free exemption. That is why I suggest that the Mining Association of Canada is putting one over on the people of this country. They are not talking about the companies who really need this three year tax-free exemption.

If any hon. member visits Elliot Lake he will soon discover who the people were who used this exemption and how my resources, your resources and the resources of the Canadian people were exploited. And what is more, Mr. Chairman, we paid them to do this. As we all know, ever since there have been repercussions in the gold mining communities, communities which really developed these areas and took a considerable time to do so.

I support this subsidy, Mr. Chairman, though I have never found it to be of much value. In my area it amounts to between $4 and $6 an ounce. This means that if we could raise the price of gold to $46 or $47, the gold mines would all be better off than they would be under this program. They could return to free enterprise. These companies can be excellent free enterprisers when it suits them, but they are as anxious for handouts from municipalities and governments as any industry there is. They can be highly socialistic when they want to be and also rank free enterprisers as well when it suits them.

Mr. Martin (Timmins): Free enterprise for the poor and socialism for the rich.

Mr. Peters: As the hon. member for Timmins says, free enterprise for the poor and socialism for the rich. This sort of thing works very well when it comes to tax concessions, and if these companies have anything to do with it this practice will be repeated in the future.

• (4:40 p.m.)

I suggest that the mining communities are not interested in the continuation of some of these major abuses. I am refering to the hundreds of millions of dollars lost to Canadian taxpayers because of exemptions to companies which do not need them and, indeed, cannot use them. Many of the developments undertaken are not carried through; the companies concerned sit on them until there is yet another tax exemption available. If none is offered they do not undertake any development at all. I know the minister is aware of this problem. I have some respect for him. I certainly have some respect for the manner in which he and his colleagues solved the coal problem. I think he will have plenty of time in the course of the next 12 months to see how things are developing in the coal industry and I hope the government will then see fit to extend the benefit of a similar plan to the gold mining industry, because it is my belief that remarkable things could flow from this type of settlement.

The Deputy Chairman: The hon. member for Brandon-Souris.

Mr. Choquette: The next premier of Manitoba.

Mr. Dinsdale: We hear many speeches on many subjects in this chamber and as I rise to take part in this particular discussion I hear a prophecy from the lips of the hon. member for Lotbinière. I make no comment at all in that regard because after many years experience in this house I have concluded that to indulge in prophecy in matters political is not a very worthwhile pursuit.

However, just before I turn to the subject of the resolution, perhaps I should add another word in reference to comments which have been made by the hon. member for Lotbinière here this afternoon. I must say he is showing a considerably broader outlook on national affairs as illustrated by the comments he made this afternoon than I have noted hitherto. Until recent times, the hon. member has adopted a narrow focus on national issues which has tended to be divisive rather than expansive. This afternoon, however, he returned to the Yukon and the Northwest Territories, and now his vision has even crossed the formidable barrier of the Canadian Shield and he has fixed his attention on that wonderful and productive province, the province of Manitoba.

Mr. Choquette: You will be the next premier, I know that. But you had better be in the house, not absent, like the hon. member for Yukon.

Mr. Nielsen: If the hon. member for Lotbinière promises to stay away for a year I will go back home.

The Deputy Chairman: These arrangements will have to be made outside the house.

Mr. Dinsdale: Having begun my comments on that happy note, I should like to refer to

the attitude the minister has taken in connection with this resolution. He introduced the resolution as a routine matter dealing with a routine problem. I must confess I was disappointed in the low key, gloomy, almost pessimistic approach the minister took in placing the subject matter before the house, particularly since he is the man responsible to the government of Canada for the promotion and development of one of our most important industries.

If I were asked to summarize and paraphrase his remarks I might do so in the following words: He felt that the gold mining industry was in the grip of outrageous fortune and there was nothing which the government of Canada could do about it. Therefore, to continue to paraphrase, he had decided to maintain the status quo. And you know what the old southern preacher replied when asked to say what "status quo" meant. He answered: "It is the mess we are in."

The minister's approach reminded me of the attitude which seemed to prevail in the house in connection with resource development programs prior to 1957 when it was felt that policies and programs which had been going on for years should remain undisturbed regardless of the consequences. I am disappointed in this attitude taken by the minister because the hon. gentleman is regarded as one of the dynamic personalities in the cabinet. His own personal background should, I think, put him on the side of the creators and the positive school of thought in relation to resource matters. I was interested to hear him say that in his family tree, way back to his grandfather, there is a record of contact with those stirring frontier days during the time of the trail of '98.

Mr. Nielsen: The real Klondike.

Mr. Dinsdale: Yes. I do not think the hon. gentleman's grandfather would be very happy with his grandson's attitude toward these matters as expressed in his opening remarks during this debate. They reflected what one might call the typical Liberal and negative attitude which is evident across the whole spectrum of resource development.

This is even more surprising when we recall that the minister has just reurned from a visit north of latitude 60. I can say that nobody who crosses this important frontier in terms of latitude comes back without a new vision—or, at least, he should return with a new vision and a new vigour with regard to Canada's resource potential. Indeed, I suggest that my hon. friend from the Northwest Territories should invite the hon. member for Lotbinière to go north of latitude 60 himself, now that he is showing this wider perspective on national affairs, because I think he would catch the fever as well.

Mr. Nielsen: He would catch more than that if he came to the Yukon.

• (4:50 p.m.)

Mr. Dinsdale: Apparently the inoculation did not take with the minister because, although in statements outside the chamber he has referred to the successful developments taking place in the Yukon and Northwest Territories, and to the new mines in particular, such as Pine Point, New Imperial, Granville, Cassiar Asbestos up at Clinton Creek, and so forth, this vision does not carry over into the field of the gold mining industry.

I think I should remind the minister that if the previous administration had assumed this pessimistic attitude toward resource potential we would not now be having these significant new mining developments coming into production. You cannot live on the development of the past. Each succeeding government has to initiate plans and programs of its own. It is fine to boast about the things we did when we were in office, but the succeeding government must pick up the torch and initiate new development itself.

Mr. Pepin: There was no major initiative in that field during the past ten years. That was not due to a lack of ingenuity on the part of ministers. It was caused by the force of circumstances, the facts of life in the gold mining industry.

Mr. Dinsdale: I do not accept this pessimistic attitude. As I said, it is reminiscent of the attitude that prevailed before 1957 in these matters of development.

Mr. Pepin: What did you do in 1958 except increase the subsidy by 25 per cent, which did not prevent the decline we are experiencing now? I am not blaming you.

Mr. Dinsdale: I am not going to debate—

Some hon. Members: Oh, oh.

Mr. Dinsdale: Just one moment until I finish my statement. I am not going to debate, and in fact there is not time to debate the details of the problems that are all too prevalent in the gold mining industry. What I am criticizing is the attitude of the minister. Besides mentioning the problems of the gold

mining industry, the minister could have given a word of encouragement to it, and to mining as a whole.

At this very moment discussions are taking place in Rio de Janeiro which could change the whole prospects of the gold mining industry. I am no expert on international monetary policy, but at least I am this much in touch with the situation. I know that the decisions made back in 1944 at Bretton Woods with respect to the gold standard are about to be changed. We shall hear more about this when the Minister of Finance returns. We are now going to enter into a period during which we will gradually remove international monetary procedures from the gold standard and follow the policy enunciated by Lord Keynes in 1944.

Mr. Pepin: One of your own colleagues spoke rather differently just a few hours ago.

Mr. Dinsdale: This is why I am not going to get into a detailed discussion on these points. Let me repeat that what I am decrying in my brief remarks is the total pessimism of the minister with regard to these matters.

Mr. Orange: Would the hon. member say whether or not he is in favour of an increase in the price of gold?

Mr. Dinsdale: The hon. member for the Northwest Territories is entering an area which I said I was not going to discuss this afternoon. I referred briefly to the deliberations which are taking place in Rio de Janeiro.

It is not only in this are that the government assumes a pessimistic attitude. It assumes that attitude in other basic economic areas, such as housing, the problems in the wheat economy and so forth. It is almost as if we were in the hands of a mechanized economy and human ingenuity cannot do much about it.

When listening to the minister I hoped he would introduce some ray of hope, some gleam of light into the picture of doom and gloom that he so eloquently painted. This atmosphere of gloom hangs over the whole mining industry, and I am sure the minister is aware of it. My office has received a flood of briefs dealing with the recommendations by the Carter royal commission with respect to the mining industry.

Mr. Pepin: Mr. Chairman, I think I am entitled to protest a little bit. I am not responsible for the conclusion of the Carter commission. I did not call the Carter commission into being. Somebody else in the government of that time did. I think my hon. friend is unfair in not allowing us the right of receiving representations and objectively analysing the Carter report recommendations. The insinuation seems to be all along that we have accepted the Carter report recommendations.

Mr. Dinsdale: I think the minister is indulging in debate instead of asking a question. Perhaps he will wish to make up for the omission before the discussion ends this afternoon. What the mining industry is saying in its briefs is that the same conditions will prevail in other areas of mining unless the government makes some positive statement now on its attitude to the Carter royal commission recommendations. The government must provide leadership in these matters.

I do not have much time to deal with the point raised by the hon. member for Timiskaming with regard to the problems of mining in the current economic situation. However, I do say the problems of the mining industry, although it is more sophisticated than it was in the days when the minister's grandfather crossed the Chilkoot Pass, are much the same today in terms of personal and physical hardship. I disagree quite forcefully with the statements made by the hon. member for Timiskaming during his attack on the big corporations and their role in the business of Canadian resource development. I have in my hands here an excellent brief from the British Columbia and Yukon Chamber of Mines which statistically gives the lie to the statements made about the role of the corporations.

It is still the individual prospector who is responsible for 99 per cent of the discoveries in the resource area.

Mr. Peters: Would the hon. member permit a question? I have particular knowledge of only one mine in his area. Does he know the name of the prospector who made the discovery of the Thompson development that INCO undertook?

Mr. Dinsdale: I do not happen to have personal acquaintanceship with the particular prospector who discovered the Thompson mine, but I do know from my experience in the Yukon and the Northwest Territories that it is the individual grubstaking prospector who still does the basic groundwork in bringing in mining discoveries.

• (5:00 p.m.)

As I say, I am depending on the statistical and factual information provided by the British Columbia and Yukon Territory chamber of mines which I believe is just as knowledgeable in this field as is the hon. member for Timiskaming. The preamble of their brief states that the brief is supported by no fewer than 1,400 individual members. But, we are not here to debate this problem this afternoon.

Let me bring my remarks to a conclusion by saying that the minister should have seized the opportunity to speak on behalf not only of the gold mining industry but also the mining industry generally here this afternoon. He even went so far as to indulge in the old log rolling technique and buck passing technique which bogged down Canadian development in the early 1950's when it was said that these matters belonged to the provinces. As Harry Truman once said, I think we have concluded long ago that the buck has to stop somewhere and in this instance the buck has to stop with the Minister of Energy Mines and Resources for the government of Canada. The federal government, and its minister who is responsible for this area, must provide leadership.

The minister has the example of the resource minister's council which was designed to deal with this jurisdictional problem in the area of renewable resources. I know from personal contact with this area that the same process should apply in the field of non-renewable resources. Unhappily, no initiative has been taken in this regard. I trust, before we conclude this discussion of what the minister has described as a routine matter dealing with a routine problem, that he will change his viewpoint and seize the opportunity to make a positive statement on behalf of the mining industry.

[*Translation*]

Mr. Blouin: Mr. Chairman, as representative of the largest mining county in Canada, I deem it my duty to make a few observations on the bill under consideration.

A moment ago I was listening to the exchange between the fiery member for Lotbinière (Mr. Choquette) and the equally hot-headed member for Yukon (Mr. Nielsen). The latter stated that his constituency was tremendously large, covering some 222 square miles, I think.

[*English*]

About 220,000 square miles.

[Mr. Dinsdale.]

Mr. Nielsen: Two hundred and seven thousand square miles.

Mr. Blouin: Well, I do not want to roll you over, but I have a constituency that has 375,000 square miles.

Mr. Dinsdale: How many square miles are there in Lotbinière?

Mr. Blouin: That is something for the hon. member for Lotbinière to answer. I have a population of about 128,000 people and 58,289 voters.

Mr. Nielsen: The member's ancestors were also Yukoners.

Mr. Choquette: The hon. member for the Yukon has been absent for one year while the hon. member for Saguenay has been assiduous and has a greater population to represent. Shame on you.

Mr. Blouin: I think we are off the subject I was about to discuss.

[*Translation*]

Mr. Chairman, I wish to tell you that I have listened with a great deal of interest and sympathy to the previous speakers in whose constituencies the gold mining industry operates.

I come myself from a mining county and I know that each closing down of a mine is a catastrophe for some mining communities, which become ghost towns.

I would like to point out—much has been said about gold mining—that in my own county the situation is somewhat reversed: gold mines are not granted subventions —though I support the idea—it is the iron ore mining companies in my county which represent an important asset for the country as a whole.

Recently I read in a report from the Gulf of St. Lawrence Ore Producers Association that the iron ore operators were paying an average of $25 million per year to the federal treasury.

• (5:10 p.m.)

In my opinion, that is a considerable contribution and I should like to tell the minister, in return, that we have isolated and far off communities working in those mines, and that I do not see what the federal government can do to alleviate their necessarily lonely existence.

Not too long ago, I asked the Minister of Energy, Mines and Resources (Mr. Pepin) whether federal-provincial agreements to help develop that part of my riding by building access roads to natural resources were to be renewed. I asked him the following question:

> Has the Minister of Energy, Mines and Resources renewed an agreement with the Quebec government for 1967-68 with respect to the construction of access roads to natural resources? In the affirmative, what is the share of the federal government under this agreement?

Of course, the answer I received was a categorical "No".

I know that not long ago, there was a meeting of the provincial ministers of mines and, if I am not mistaken, the renewal of this agreement was requested. Consequently, I would ask the minister to take note of this request, because the 50,000 citizens in my riding who are now working in the mining industry have no means of transportation, except by air. There is also the railway but, as everyone knows, that is for the mining operations.

Therefore, I ask the minister to take note of those remarks and to see to it that this agreement is renewed so that it will be possible to build access roads and get those people out of their isolation, a situation which, in my opinion, should not exist in 1967.

Mr. Chairman, I could keep on for quite a while because in our area, mining has a long history. We have rather large gold deposits which are untapped; we also have lead, zinc, copper as well as great asbestos deposits.

In fact, the Asbestos Corporation announced last year developments totalling $72 million to the Deception Bay mine. I am told, however, that those developments have been delayed as a result of the recommendations of the Carter report. The minister said a while ago that the Carter report merely contained recommendations. I hope that these are only recommendations which will not necessarily be accepted, because if the mining industry is not given some incentives, well, we, from mining constituencies, which I repeat, represent a considerable contribution to our national income, will suffer.

I heard a while ago some members talking about northwestern Quebec where my constituency is located. I also heard about subsidies, grants being asked for the coal mines and western wheat.

Today, I am not asking for mining subsidies but merely for an awareness of the tremendous wealth of northeastern Quebec. To my mind, greater care should be taken of that pioneer population which works without cease to the development of our natural resources.

As I mentioned a while ago, the federal government derives a considerable income from those mining operations and, in return, we only ask that federal-provincial agreements should be signed to assist them.

Prospectors were also mentioned. I believe—since I am from a mining constituency—that all mines are discovered by prospectors. In my opinion, they should get much more encouragement than they actually do. There are rumours that they wander about the country, not even knowing what they are looking for. I happened to know several of them and I can tell you I am in a position to say that they are the ones who have discovered the mineral wealth of the constituency I represent, they are the ones who have paved the way for all those industries. I maintain that if the prospectors were given more encouragement, they could best tell us where there are ore fields in this country.

Mr. Chairman, I would not want to delay the approval of this legislation which I fully endorse. The idea is to extend this financial assistance for the next three years. I hope it will be granted, that gold mines throughout the country will survive, and that ghost towns will not rise where gold mines used to be.

I hope that gold production will continue and that ways to increase it will be found, but that other mining developments in Canada will not be neglected.

[*English*]

Mr. Johnston: Mr. Chairman, I do not intend to take up too much time this afternoon. I wish I could agree with the minister that this was just a mining bill which occupies exactly the same position as any other bill regarding coal, potash, tungsten or tin. However, we know that in today's economic world this simply is not the case. Administratively, from the point of view of the minister's department, perhaps we should all be prepared to look at the bill in that way. Nevertheless, to assume that attitude is to be unrealistic, and it is unrealistic on the part of the minister because he is part of the government which is responsible for monetary policy. This is a world wide responsibility because Canada is one of the big ten nations in the international monetary fund. One thing leads to another, and to pretend this afternoon that gold on today's world markets is no

different than tungsten or tin is to be unrealistic. It is just as unrealistic as our foreign policy under which we are joining a committee designed to tighten up sanctions against Rhodesia. We can be unrealistic in a variety of ways.

This lack of realism is indicated very clearly by two headlines which appear on the same page of today's *Globe and Mail*. The first headline is "South Africa threatens to reduce gold supply". I am sure anyone who has gold mining stock in Canada was brightened this morning on reading that headline. I am sure there will be a flurry of activity to find out just what this may mean. This is not something that will be considered in isolation from the gold mining picture in Canada.

On the same page appears a headline which would indicate that the predicted gross national product of the United States is $835 billion. The reference is to just one nation, not the common market, not Europe, not Japan nor parts of South America, it is just one of the world's nations. When we read of a gross national product in those terms, we realize how little connection there is between gold and production in today's world. We know that new gold no longer goes to provide backing for money but into private hands throughout the world. There is still great hope in many parts of the world that the price of gold will be raised, and raised sharply.

• (5:20 p.m.)

Although we had the assurance from the minister that should this happen there will be a very rapid adjustment in the gold mining subsidies, I think there would be certain administrative problems in making that adjustment quite as rapidly as he predicts. I am not at all recommending a policy of raising the price of gold but there are many in today's economic world who feel it is inevitable and could well come considerably sooner than the minister has today predicted.

Mr. Pepin: Mr. Chairman, could I ask the hon. member whether he thinks Canada is in a position to influence decisively the decision in these matters? Could I ask whether the hon. member believes that I could have based the bill we are presenting today on either the pro or the con of that debate?

Mr. Johnston: That is really not the question, Mr. Chairman. We like to think we can be quite influential, and pride ourselves that Canada has spoken out as a member of the big ten. We know that our Minister of Finance is returning or has returned from Rio and has spent the last few months attending a series of very important conferences, where I am sure the voice of Canada has been heard.

Just the other day the Minister of Finance made a speech which was widely reported in Canadian newspapers. I am sure that any of his colleagues in the cabinet would be among the first to say that this speech had weight. I do not have to defend that position, and far be it from me to lessen the importance of Canada's voice, as the colleague of the Minister of Finance may be trying to do this afternoon.

Mr. Pepin: Mr. Chairman, I am just pointing out that Canada is not the only country deciding what the policy should be when it comes to international matters.

Mr. Johnston: I would not pretend for a moment that she was. All I am saying is that the Canadian public should have a better picture of what is involved, not only in gold mining but in the whole spectrum of our economy. The most ironical thing is that at the present time the economy of the free world is hazardously dependent upon gold from the Soviet union. What an ironical thing that is, when one realizes that their gold sales are one of the main ways in which gold enters the western economic system at the present time. Also, our economy is terribly dependent upon the supply of gold from the Union of South Africa, and no one would doubt the amount of gold that comes from that country.

Considering all the aspects of South Africa's world position, what a hazardous thing it is that the economy of the free world, and in effect the entire world, is dependent on these two sources of gold production. While newly produced gold may not enter into the backing of money, it does seem to provide a sort of mystic reassurance that people still need.

The headline today regarding the conference in Rio is, "New World Money Approved." We know that nothing of the kind has happened as yet and that it will be a long, long time before any such thing does happen. The August 25 issue of *Life* magazine contains an important article on gold written by John K. Jessup. He predicts that it will be 100 years before we reach the point where anything like a new creation of money that is not attached to gold will come into existence.

We may well ask the question that other people have asked, namely, why this should be such a short term bill. Important questions arise out of what has been happening in the world monetary picture. These questions have a tremendous influence on this bill. While no one will vote against the bill—I am sure it will be passed by the house—it should not be passed under the guise of being like a bill to help the coal industry, or like a bill to open up a tungsten mine somewhere in Canada. The base upon which we operate is quite different.

I suspect that if the minister attempted tomorrow to shut down all the gold mines in this country because they are not economical, tremendously heavy pressure would be put upon this country by the nations of the big ten, the United States and a great many other sources to prevent that happening. We do not have any choice but to pass the Emergency Gold Mining Assistance Act; but we should clearly understand what the situation is and what we are doing when we extend this emergency measure.

Resolution reported and concurred in.

Mr. Pepin thereupon moved for leave to introduce Bill No. C-155, to amend the Emergency Gold Mining Assistance Act.

Motion agreed to and bill read the first time.

Mr. Côté (Longueuil): Mr. Speaker, I think there is an understanding in the house that we suspend private members' hour and go ahead with the resolution standing in my name.

Mr. Deputy Speaker: Is it agreed that the private members' hour for this sitting be suspended?

Some hon. Members: Agreed.

POST OFFICE ACT

AMENDMENTS TO PROVIDE FOR INCREASES IN POSTAL RATES, ETC.

Hon. Jean-Pierre Côté (Postmaster General) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Post Office Act to increase by one cent the postage rates for letters posted in Canada for delivery in Canada; to provide an amended rate structure for newspapers and periodicals; and to provide further for certain changes in connection with the administration of the act, more especially in relation to tenders and contracts.

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

[*Translation*]

Mr. Côté (Longueuil): Mr. Chairman, since I took over my responsibilities as Postmaster General, 21 months ago, the admiration I have for the department has tremendously increased. The system of communications thus made available to the country is a sort of cement which keeps together the bricks of the business world and the individuals.

The Post Office Department, as a government concern, has never been intended to be a profit-making concern—and my own research on the subject supports this. But the Canadian post office has never been intended either to operate at a loss. In other words, the ideal situation would be for the post office to maintain from one year to the other a fair balance between revenues and expenditures.

That ideal situation has been achieved nearly all the time. But, that rule of balance must not overshadow the obligation of the Post Office Department to contribute to the progress of Canada, to the daily life of its people and to the prestige of our country in the world.

That obligation, has also been assumed by the post office. The various branches of the department reach the most remote areas of the country. The speed with which mail is carried within Canada is an example to other postal administrations of the world, and the flow of printed matter which is carried by the post office is a credit to Canada, within its boundaries as well as abroad.

• (5:30 p.m.)

[*English*]

The resolution which has been placed before the house is designed to do four things. I know that some of them will not be popular but I assure the house that the legislation is responsible legislation.

First and most important are the sections of the legislation which govern the conditions and the rates for newspapers and periodicals. In the revision of the act, the statutory rate for the mailing of newspapers and periodicals is restricted to newspapers and periodicals which meet the new definition of a Canadian newspaper and of a Canadian periodical. The position of the rural newspapers is more clearly defined and the support through postal rates to these little publications is continued. Leaflets, organization publications, house organs and other such material will no longer be classed as second class mail but will be handled at the printed matter or third

class rate. Publications which do not qualify as Canadian will come out of the second class statutory rates category.

With the passing of these sections the revenues from second class mail will be increased but, what is more important, the legislation governing this class of mail will be improved so that the administration of this part of the act will be more defensible and handling costs can be more readily apportioned to the various categories of publications for the purpose of determining postage rates.

The second major item is the increase in postage for first class mail or, as it is more commonly known, letter mail. The new rate on a letter for delivery within the postal area in which it is posted will be five cents for the first ounce or fraction of an ounce and three cents for each additional ounce or fraction of an ounce. The rate on a letter posted within one postal area for delivery in another postal area will be six cents for the first ounce or fraction of an ounce and four cents for each additional ounce or fraction of an ounce.

Concurrently with this rate change it is intended, in accordance with the authority granted under Section 6 of the Post Office Act, to abolish the domestic air mail letter rate and to provide air transmission for all domestic mail prepaid at the first class rate of postage, regardless of weight, providing delivery will be expedited.

Since 1954, only first class mail weighing up to eight ounces has received the all-up service which, by the way, is a postal service Canada pioneered. Now with this change, all first class mail in Canada will receive the all-up service. To business houses across the nation this will be welcome news because the ambiguity which existed between first class all-up and first class air mail will be eliminated. All first class mail in Canada will receive air transport at the one rate.

The change will also raise additional revenues to meet the increased costs and to help reduce the overall post office deficit, which is a factor in current operations.

The third change governs mail transportation arrangements. It reflects a modern day appreciation of the need for flexibility in making contractual arrangements and more equitable adjustments in payments to contractors.

The fourth revision deals with the general administration of the postal operation whereby it is necessary to give authorization to employees to administer oaths and receive affidavits, and where a more lucid statement of authority is required for the Postmaster General to maintain a continuing group of post office investigators.

I will not elaborate further on the bill because it is very urgent that the bill be presented to the house. I want to assure the committee that when we study the bill, either on second reading or in the clause by clause stage, I will be able to provide the necessary information and answer all the questions asked. However, I think it is very urgent that this bill be presented as soon as possible and made public so as to allay the grave doubts which may be in the minds of the printers of newspapers and periodicals. As soon as the bill is presented, I will be able to provide to the house more information than I can now at the resolution stage.

Mr. Churchill: The minister should have given us more information with regard to revenues and expenditures.

Mr. Côté (Longueuil): I will be able to give the house more specific information with regard to revenues and deficits. As everyone knows, deficits on second class mail have increased substantially in the last two years while first class mail has always shown a profit. However, as hon. members will observe in the next estimates of my department, first class mail is starting to show a deficit. If the rate is increased on first class mail, it will not only cover the deficit in the first class mail and increase first class service but also cover some of the deficit in other classes of mail. Some people might say that those who will be most affected by the increase in the rate on first class mail will be the average citizen writing a few letters a month, but I should like to point out, and this may come as a surprise to many hon. members, that 75 per cent of all first class mail comes from business companies.

I think it will be much easier for hon. members and for the public in general to understand all the details of this bill when it is presented because the regulations and all they entail are very complicated. They are difficult even for post office employees to understand. I think hon. members will find there will be some substantial changes in second class mail.

Mr. Aiken: I should like to ask the minister a question for clarification. At the beginning of his statement he mentioned there were four main changes in the proposal. The first change involved newspapers and periodicals, the second one referred to an increase in first

class mail and the third one was with regard to mail transportation arrangements. I cannot recall what the fourth change was.

Mr. Côté (Longueuil): The fourth change deals with the general administration of the postal operation which would allow postal employees to administer oaths and receive affidavits and permit the maintenance of a continuing group of post office investigators.

Mr. McCutcheon: Mr. Chairman, I should like to thank the minister for his words of explanation, particularly in connection with first section to which he referred, although perhaps he was not as explicit as I should have liked him to be at this time. However, as he suggested, we will look at this matter very closely when we proceed to the second reading of the bill.

• (5:40 p.m.)

I must say at the outset that this is a most shocking resolution to put before this committee, particularly this week since it comes on the heels of recent announcements that point up the woeful mismanagement of affairs in this country. I refer to the admission by the government that the wheat agreement was allowed to lapse and the poor taxpayer will now be called upon to subsidize western wheat, an unnecessary circumstance in the first place. Following on the heels of this avoidable misfortune, the government then suggested that 8¼ per cent mortgage money was the only way to finance the building of houses.

Three times and out is a familiar cliché, Mr. Chairman, and we have now been presented with the third time. The poor defenceless public now has to face a 20 to 25 per cent hike in postal rates. And for what, Mr. Chairman? I submit it is for curtailed service in many instances and chiefly because of government mismanagement.

Let me say immediately that the poor Postmaster General alone is not responsible for this, because he does try to do his best. But just to prove how things have deteriorated in this country in the past three months, Mr. Chairman, let me refer to an extract from *Hansard*. As reported at page 1098 for June 2, 1967 the Postmaster General said:

> I can tell hon. members that at the five-cent rate for letters we still make money. At four cents we still make some money, although we are on the verge of losing.

Three months later, Mr. Chairman, the minister is saying, in effect, that we are losing money on first class mail, which indicates a pretty rapid deterioration.

I suggest, Mr. Chairman, that much of this resolution is couched in the vaguest of generalities. Nevertheless, the general public is going to be gouged again. The citizens of this country are being called upon, in effect, to subsidize the second class mail operations of the post office. How much more of this inflated cost of doing business, this inflated cost of living, can the Canadian public accept and still survive? We are being forced time and time again to dig deeper and deeper into our pockets, and I suggest that the people of Canada cannot take many more weeks like the past one.

As reported on the same page of *Hansard*, the minister went on to say in reference to second and third class mail charges:

> At the second and third class rates we are losing about $30 million a year.

I suggest there should be more specific reference in this resolution to how the really serious difficulties of financing and operating the post office are going to be resolved. At this juncture we have no idea whether the rates to be attached to the losing part of the operation, that is second and third class mail, are being increased at all. Are they going to be increased proportionately more than the increases applied to that segment of the operation that is self-supporting? According to the statement of the Postmaster General last June, certain elements of his department's operations are profitable. Are rates for second class mail to be reduced?

I do not wish to sound facetious, Mr. Chairman, and I do not intend to be facetious, but my point is this. The resolution refers to increasing by one cent the postage rates for letters posted in Canada for delivery in Canada, and to providing an amended rate structure for newspapers and periodicals. What does "an amended rate structure" mean? Is the rate structure to be amended upwards or downwards? The minister has not spelt that out in the house. The only information we have about post office affairs is in some press releases; but, all we have to go on in this house is the resolution.

Now, Mr. Chairman, if I were a suspicious person, which I assure you I am not, I might assume the word "amended" meant to make a minor change in second class rates, and an attempt to shore up the balance sheet by overcharging the unorganized general public. By "unorganized" I refer to those not represented by strong association lobbies, unlike the publishers. I refer to a body akin, say, to the Manufacturers' Association, which speaks

for its members; and I am assuming, Mr. Chairman, that there must be a newspaper and magazine publishers association.

Incidentally, Mr. Chairman, there is no reference in the resolution to third class mail. I would compliment the post office for the nice way they have of describing the junk that you and I as householders receive in our mailbox almost daily. I refer to advertisements for everything from magazine subscriptions to soap and detergents. Yes, periodically we even receive material from political parties. But there is not a word in the resolution about this segment of the mail.

Mr. Côté (Longueuil): The hon. member realizes that Christmas cards come under third class mail?

Mr. McCutcheon: Yes, but we do not know how large of a deficit is accumulated as a result of this particular segment of the operation of his department.

Another point that causes me concern is this. The resolution commences:

> That it is expedient to introduce a measure to amend the Post Office Act to increase by one cent the postage rates for letters posted in Canada for delivery in Canada;—

That means there must be an international agreement or something on postal rates to which Canada must adhere, and therefore we are powerless to change the rate until another postal convention agreement is signed. I have no idea when such a convention will be convened, and from what the minister said this spring I believe the present agreement has some considerable time to run. This further points up how rapidly our internal conditions have deteriorated.

May I just refer to the United States postal rates for first class mail. Although as of this morning there had been no change, there has been some suggestion that their five cent letter rate will be changed in the not too distant future. But the charge made for third class mail is almost the same as for first class mail. Obviously, the United States authorities have concluded that if advertisers find it profitable to do so, they will continue to use this service. The United States post office is not asking the general public to subsidize that service, and this is as it should be.

I should just like to refer to the London *Free Press*, an issue of recent date. The article states that the post office committee in the United States has brought in a new bill which provides for a 21 per cent rate boost for second class mail.

[Mr. McCutcheon.]

• (5:50 p.m.)

This would take effect gradually over a period of three years. Current United States rates on second class mail, including newspapers and magazines, are 4 cents for the first two ounces and 1 cent for each additional ounce. This is the point I was making. The only people who face increases spelled out exactly for them in this country are the little people, the ordinary citizens who do not have huge lobbies working for them.

The rest of the resolution calls for changes in the administration of the act, more especially in relation to tenders and contracts. We have suggested that certain procedures should be changed in this area over the years and we shall look with interest to find out whether some of these suggestions have been included. But I think it is now time that we came to grips with the ever increasing problem of the cost of living. Here is another classic example of the inability of the government to deal satisfactorily with the financial affairs of this country.

It may be said that one cent is a small amount, and I admit that it is. But the principle here is wrong, the principle that the little people of the country should have their burdens spelled out in unmistakable terms while we are not nearly so emphatic where strong organizations are concerned.

I commend the United States post office committee which has looked at this problem from all angles. Traditionally their second class rates have been higher than ours, but they have spelled out what their increase will be. I notice the minister shaking his head. I hope he is shaking it in agreement.

May I conclude by recalling what the minister said on July 2, 1967. At that time he said because our rates are a little lower than rates in the United States and because we have a better service, many magazines printed in the United States are brought into Canada by truck for mailing here. If United States rates go up proportionately more than our own, I submit we shall have quite a line-up of trucks at the border and I wonder how much we shall lose on this operation.

I should like to make the strongest plea at my command to the government that before the second reading of this bill the whole matter be referred to a committee of the house for the closest scrutiny. I suggest that in this way, with a new, non-partisan, constructive approach to our problems, we could help the government arrange a much more satisfactory solution.

Mr. Mather: I do not rise with the intention of making a speech but to ask a question. Our attitude toward this proposal to increase the rate on first class mail will obviously be influenced by the proposals which the minister has in mind with regard to second class mail. Why can the minister not give this information to the committee so that we may be in a better position to judge the virtues of the other proposal. He has spelled out the increase in the first class rate. Why not for the second class rate.

Mr. Côté (Longueuil): The question of increases in rates for second class mail is more complicated than an increase in the cost of first class mail. Obviously we cannot increase rates by less than one cent, because we cannot begin issuing stamps of, say, half a cent denomination. Thus the increase in the cost of first class mail has to be one cent.

As far as second class mail is concerned there are many other factors that can be considered, various directions in which increases can be made, some paying a little more and others, possibly, a little less. As far as daily newspapers are concerned, they are now paying two and a half cents a pound for news and four cents a pound for advertising. The increase on the advertising portion will be bigger.

Some of the magazines or newspapers now enjoying second class statutory rates will cease to have the benefit of these rates because we are working out a new definition of a Canadian newspaper or a Canadian periodical. The result will be, in effect, an increase of more than the one cent. Under the new definition of a weekly newspaper, a weekly newspaper will be a rural paper with a publication figure of less than 10,000. Newspapers with circulation of more than 10,000 will come into another category; there are free zones for the weeklies, and all sorts of arrangements, but I can tell you that there will be increases in second class mail rates.

We are starting right now to have a deficit on first class mail. Our estimates forecast, with regard to the first class, indicates a deficit of over $5 million right now. I can tell hon. members that next year the deficit will be up to $7.7 million, and costs are continuing to rise. In these circumstances, do hon. members opposite not feel it is time to raise the rates?

Whenever we come to increase the salaries of our personnel we are told the amount offered is not enough. We need revenues. Transportation costs have risen. There has been no increase in second class rates since 1951, I believe, and no increase in first class rates since 1954.

The hon. member who had just made his speech suggested that the ordinary citizen would have to pay the bulk of the revenue to be provided by this increase. Let me tell him that the average citizen spends on first class mail service of the post office $1.82 a year; the increase will bring this up to $2.19, so the ordinary citizen will be paying 37 cents a year more. But consider the position of the Bell Telephone Company, for example, which has telephones in every home and sends a bill to every house once a month. What about companies and corporations of this kind? It is they who will really be carrying the burden.

I shall have many explanations to give, Mr. Chairman, when the bill is before us and I think it is important that we should come to that stage as soon as possible.

Mr. Mather: If the minister cannot give us details of the increases in the second class rates, can he not indicate the amount which the new rates will provide? I understand that the deficit on second class mail is about $28 million. Does the minister plan to increase revenues by that amount?

Mr. Côté (Longueuil): Those who remain in the second class will provide about $7 million more, but since many of them will be removed from that class it is difficult to give an exact figure of the kind sought. There are about 5,000 newspapers and periodicals now in the second class category which have never registered though some have had their permits or privileges since 1932. Many of these will be omitted, and we will thus obtain higher revenues. I say nothing about increases in the third class, "junk mail" many people call it, though let us not forget that Christmas cards come into this class of mail.

• (6:00 p.m.)

I cannot at present increase the third class mail rate because we are now charging four cents for a letter. How can I increase the third class rate to 4 cents if that is already the price we have to pay for local first class? The fact that there was a ceiling on the first class mail meant we could not move toward introducing an increase in the other different categories. I cannot urge that the third class mail rate be increased to the same level as that of first class.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I wonder if anybody from the disorganized cabinet on the treasury benches knows specifically what is the business of the house for next week?

Mr. Côté (Longueuil): I understand that on Monday we will go into a supply motion and, if it lasts for two days, the next three days will be spent on the budget debate.

At 6.03 p.m. the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, October 2, 1967

The house met at 2.30 p.m.

FINANCE

REPORT ON MEETING OF INTERNATIONAL MONETARY FUND

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to take a few moments of the time of the house to report on the twenty second annual meeting of the International Monetary Fund and the International Bank for Reconstruction and Development which was held last week in Rio de Janeiro. As governor of the I.M.F. and the world bank for Canada I led the Canadian delegation which this year for the first time included three other members of this house; the Minister without Portfolio, the hon. member for Saint-Maurice-Laflèche (Hon. Jean Chrétien), and the hon. members for Essex West (Mr. Gray) and Labelle (Mr. Clermont). As I did in Rio, I should like to pay tribute again to the kindness and hospitality of our hosts in this beautiful city of Rio.

The most important item on the agenda concerning the I.M.F. was the resolution dealing with the establishment in the fund of a new facility based on special drawing rights to meet the need, as and when it arises, for a supplement to existing reserve assets. Through close consultation with our executive director on the board of the fund and through Canada's membership in the Group of Ten, Canada has actively participated in the development of the plan proposed in the resolution which was before us in Rio. Agreement on the plan was only possible by a series of compromises; consequently it was not completely in accord with Canadian views. None the less we strongly supported it, and I am pleased to report that the resolution was unanimously passed.

The resolution requests the fund's executive directors to complete the drafting of the new articles necessary to implement the proposal by March 31, 1968 at the latest. The governors will then be asked to vote on these amendments, and if they are passed the new agreement will go to the parliaments for approval and the authority to implement it.

• (2:40 p.m.)

I stressed in Rio the importance of establishing this new facility as quickly as possible. I will be prepared to place the necessary bill before parliament very soon after approval by the governors of the detailed agreement. I hope parliament will give it full, speedy and sympathetic consideration. The setting up of this new facility will be a major step forward in strengthening the international monetary system.

Many governors including myself gave some attention to the need for national economic policies appropriate to the international and domestic circumstances of the present. The ministers and governors of the Group of Ten also took advantage of their presence in Rio to meet to discuss a problem that I know is in the minds of us all, the high level of interest rates which currently prevails throughout the world.

As for the meeting of the international bank, while the replenishment of the resources of the International Development Association was not formally on the agenda, it was the most important issue to be discussed and dominated the proceedings. The I.D.A. is the affiliate of the world bank which extends credits on concessional or "soft" terms to developing countries that do not earn sufficient foreign exchange to service loans made on conventional terms. Past government contributions to I.D.A. which had been set at $250 million a year for three years have virtually all been committed.

I met with Mr. George Woods, president of the world bank group and with ministers of finance of countries that contribute the major part of I.D.A. resources. I told them that I consider I.D.A. to be one of the most effective and efficient means of channelling aid to developing countries. The replenishment of I.D.A. could well be one of the most critical points in the relations between the developed and developing world. Accordingly I was most anxious to have I.D.A. replenished at a substantially higher level than in the past and indicated that, subject to parliamentary approval, Canada would be prepared to contribute its share to such a replenishment.

As a result of my conversations I am much more hopeful than before the meeting that

such a replenishment will take place at an early date.

Mr. Speaker, I should like to have permission of the house to table the statement I made on behalf of Canada at the meeting in Rio as soon as it has been translated from English to French and from French to English.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the degree of satisfaction with which this house will have received the statement by the minister must be tempered by the fact that there is no easy road to full implementation of the first part of this international accord, and the minister has indicated some of the necessary steps that must be taken. The one point I dispute with him relates to his anticipation that he will present legislation to implement such an agreement in due course, namely sometime late in 1968 or 1969. I hope there will be a replacement by that time.

Those who have followed the deliberations of this international conference realize there are some real problems ahead. Not only is this an interim draft negotiated after some concessions; I think the minister would be the first to admit that before the governors are in a position to vote and the legislatures of the respective countries are in a position to ratify the agreement there must be more hard bargaining because of certain influences and pressures for radical change in the composition of international credit facilities.

Having said that, I should not like to minimize the contribution that has been made as a step forward in removing an area of unsettlement or unrest in respect of world credit facilities, having regard not only to the basis of exchange but a gathering of the international bank group and a decision to replenish the international development account. I am sure a great deal of the pressure and unrest in the world results from, shall we say, the agitation or the natural desire of some of the have-not countries for more extended facilities so they may develop their economies. We look forward to examining the minister's statement, which he indicated he will be tabling, and ultimately we will be examining the minister more closely during the consideration of his estimates or on some other appropriate occasion as to just what went on at this conference.

[Mr. Sharp.]

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am sure everyone who has been following the attempts that have been made to permit the world to break out of the strait-jacket it has been in for a number of years now, in fact ever since we set up the International Monetary Fund, will greet this development with considerable satisfaction. We shall, of course, be interested to know just what will be the terms upon which nations will be able to avail themselves of the special drawing rights which have been referred to by the minister.

I would hope myself that this perhaps is a first step toward a much wider and a much deeper international co-operation than is indictated by a purely monetary agreement. I would hope that the prophecy of the late John Maynard Keynes might eventually come true and that this sort of thing will be the first step toward some type of global administration.

Any such step, of course, will be greeted with shrieks of dismay from those who are deeply wedded to the past and its concepts of natural sovereignty. It has been obvious for a number of years that we could not go on as we have been, relying on the currencies of the United States and Great Britain and a gold supply which is really entirely beyond our control, as a means of financing world trade and world development. My only regret is that it has taken the monetary authorities of the world so many years to take even this step after the first proposals were made for developments of this sort. I have always been very pleased to note that Canada has been in the forefront in pressing for this much needed and long delayed reform.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, we are pleased to have the Minister of Finance (Mr. Sharp) with us again in the house after a long week of absence.

Indeed, last week we needed him when we dealt with the question of gold, of subsidies to the gold mines of northwestern Quebec, as well as the wheat subsidies. But the minister was busy in Rio de Janeiro, in Brazil, at the conference of the International Monetary Fund and the Internal Bank for Reconstruction and Development.

He has just told us that the Canadian government does not necessarily share the conclusions arrived at, and that many compromises were made to achieve unanimity—which unanimity does not satisfy the government.

Now, when, in Rio de Janeiro, discussions took place about international finance, national finance, aid to countries where it is urgently needed and also to countries where the need is not so great, I wonder if the minister, who brought there attractive suggestions for the international financial community, was not questioned about how things were going over here in Canada, in relation, specifically, to the International Monetary Fund and the International Bank for Reconstruction and Development.

It is certainly a very good thing, Mr. Speaker, to deal with matters pertaining to international finance; still, I believe it might be more advisable, at the moment, to settle first our own national financial problems. No doubt the minister was asked about conditions prevailing in Canada, and I cannot help wondering if, at that time, he thought of calling the attention of the representatives of the various countries of the world to a statement made more than a hundred years ago by a former president of the United States, John Adams, whom I quote:

• (2:50 p.m.)

[*English*]

All the perplexities, confusion and distress in America arise, not from defects in their constitution or confederation; not from want of honor or virtue, so much as from downright ignorance of the nature of coin, credit and circulation.

[*Translation*]

Mr. Speaker, those questions precisely were discussed at the conference of the International Monetary Fund and I agree with the hon. member for Edmonton West (Mr. Lambert) that we must look into the minister's remarks or into the report he has just submitted.

We shall study the proposals made by that world monetary conference in order to draw some conclusions which, I hope, will open the eyes not only of a group of Canadians but of the whole people and will encourage the Canadian government to take some responsibilities in the field of finance, credit and currency in Canada.

[*English*]

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, we appreciate the minister's statement at this time, but it would have been appreciated particularly last Friday in connection with the debate on the Gold Mining Assistance Act.

I was happy to see that the minister gave some indication of the long and rocky road ahead of the proposed scheme, though I do not expect that this parliament will hold it up for very long when it comes up for discussion. There is an alarming tendency here always to assume that everything to do with the international monetary policy is somehow over the heads of the members of this institution. However, we know that in all likelihood there are parliaments in some countries which will take a much more intransigent stand against the proposals. We know also that this is just the first step in the working out of a new basis for the international settlement of trade balances. As we move into the area of international finance we must always be very sure that we obtain the best possible price for what we give away as we move through these steps.

The economic policies of this government at home have not been such as to particularly induce confidence in our ability to handle our national economy. In the latter part of the minister's statement when he discussed the International Development Bank he must have known surely that very quickly he would run into the political problem at home of selling to the Canadian people the idea of an increase. It will not be easy to find money for the International Development Bank when money is not available for housing and other much needed purposes at home.

VACANCY

Mr. Speaker: If hon. members will allow me to do so at this time, I should like to inform the house that the following vacancy has occurred in the representation:

Of Eric A. Winkler, Esquire, member for the electoral district of Grey-Bruce, by resignation.

Accordingly I have issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*PENAL INSTITUTION, SAINT-PIE DE BAGOT, QUE.

Question No. 272—**Mr. Ricard:**

1. Is the government still considering the construction of a penal institution at Saint-Pie de Bagot?

2. If so, on what approximate date will this institution be constructed?

3. If not, what use will be made of the land purchased by the government for the construction of such an institution?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the answer to part 1 of the question is as follows. The property at Saint-Pie de Bagot is being retained by the government for penitentiary construction purposes when facilities additional to those at Cowansville and Ste. Anne des Plaines are required.

In answer to part 2, there is no immediate plan to construct a penal institution.

In view of the answers to parts 1 and 2, the answer to part 3 of the question is not applicable.

LOADING OF BUSES AT MALTON AIRPORT

Question No. 321—**Mr. Cowan:**

Is the Toronto Transportation Commission permitted to load buses at the "Arrival-Exit" of Malton airport in the same manner that the Ottawa Transportation Commission is able to load buses at the "Arrival-Exit" of Ottawa railway station and, if not, for what reason?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): No. The traffic on the Arrival-Exit levels is so congested that parking of additional buses cannot be accommodated. Curb space must be kept free for loading and unloading of passengers from private vehicles and taxis, and the limousine buses parking time is kept to a minimum.

Since the Toronto Transportation Commission buses are being used mainly by employees, the bus stop in the basement level has proved to be convenient both for the employees, and for those of the general public who wish to use this service.

AERIAL BUS SERVICE, EDMONTON-VANCOUVER

Question No. 322—**Mr. Lambert:**

1. Has Pacific Western Airlines filed with the Air Transport Board an application to operate a scheduled aerial bus service between Edmonton and Vancouver and return?

2. If so, when?

3. Has any decision been reached on this application, and (a) if so, what are the reasons therefor (b) if not, for what reasons?

4. If such an application should be deemed beyond the jurisdiction of the Air Transport Board, where does the jurisdiction lie?

5. How was authorization granted in 1962 or 1963 for the present aerial bus service between Edmonton and Calgary operated by Pacific Western Airlines?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes. Pacific Western Airlines has filed an application for authority to operate a class 1 scheduled service between Vancouver and Edmonton municipal airport.

[Mr. Ricard.]

2. May 15, 1967.

3. No decision has been taken on the application which will be processed normally, including public advertisement.

4. The application is within the jurisdiction of the Air Transport Board.

5. Pacific Western Airlines is authorized under licence No. A.T.B. 1023/59(S) to operate a class 1 scheduled commercial air service serving the points Edmonton, Yellowknife, Fort McMurray and several other points including Calgary. The point Calgary was added to the licence in March 1963, by board order No. 3509 dated March 26, 1963, to permit the operation of a scheduled air bus service between Edmonton and Calgary. For this service the licence contains a restriction that all flights from Calgary must make a first stop at Edmonton municipal airport and all flights from Edmonton must be operated out of the municipal airport.

AIDS TO NAVIGATION, LAKE WINNIPEG

Question No. 328—**Mr. Stefanson:**

1. How much money was spent for the aids to navigation program for lake Winnipeg and adjoining rivers and lakes for the fiscal year 1966-67, listing projects and locations?

2. How much money is allocated for this program for the fiscal year 1967-68, listing proposed projects and locations?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. $15,065.41 was spent in aids to navigation program in 1966-67, as follows:

Bloodvein River	$1,538.63
Deer Island	775.54
Spider Island	663.72
Selkirk Is. North End	612.50
Poplar River Entrance	476.76
Nelson River, Playgreen Lake	2,754.95
Winnipeg River	2,149.56
Spruce Island Channel	1,685.87
Berens River	682.40
Hecla Island	701.74
Red Rock Island	296.98
Clements Point	264.00
Loon Straits	265.26
Black Bear Island	304.87
Cox's Reef	138.43
George's Island	473.56
Mission Point	558.19
Dog Point	639.42
Cormorant Island	83.03
	$15,065.41

2. $125,000 is allocated for aids to navigation program in 1967-68, as follows:

Construction	
George's Island (dwelling, light and fog alarm building)	$45,000
Selkirk (structures for new aids, storage buildings, minor improvements)	$42,000
	$87,000
Equipment	
George's Island (generators, light and fog alarm equipment, stove, refrigerator, freezer)	$15,000
Selkirk (lanterns and minor equipment, new and replacement buoys)	$23,000
	$38,000

FEDERAL RECEIPTS AND EXPENDITURES, BRITISH COLUMBIA

Question No. 357—**Mr. Davis:**

1. Taking into account, as between the federal government and the government of British Columbia, all the revenue received by the federal government (including direct taxes, indirect taxes and other revenue) and all expenditures on British Columbia's behalf (including conditional and unconditional grants to institutions and to individuals and expenditures incurred for public works and other purposes and by crown corporations in that province), for the fiscal year 1964-65, how much more, or less, did the federal government spend than it collected in the said province?

2. What are the comparable figures for each of the remaining provinces of Canada?

Hon. Mitchell Sharp (Minister of Finance): 1 and 2. Information is not now available to provide an accurate answer to this question and the necessary expert staff is not available to undertake the large amount of work which would be required to gather the necessary information.

NATIONAL INVESTMENT FROM PUBLIC SECTOR

Question No. 363—**Mr. Ormiston:**

1. What percentage of the national investment in the calendar year 1966 was derived from the combined public sector (federal, provincial, municipal)?

2. What was the comparable percentage for 1949 and 1939?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. Preliminary estimates indicate that the percentage of investment in the public sector, defined to include capital expenditures of government departments, government owned enterprises and government operated institutions and housing, was 32.0 per cent.

2. The comparable percentage for 1949 was 26.8 per cent and for 1939, 28.5 per cent.

REPAIRS TO ALEXANDRA BRIDGE, OTTAWA

Question No. 377—**Mr. Isabelle:**

What amount will be spent by the Department of Public Works for the repairs now under way to the Alexandra bridge?

[*Translation*]

Hon. George J. McIlraith (Minister of Public Works): An estimated amount of up to $1,300,000.

[*English*]

*ACTION ON FRESHWATER FISH MARKETING REPORT

Question No. 390—**Mr. Stefanson:**

Is it the intention of the government to introduce legislation at this session of parliament, based on the recommendations of the McIvor commission?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the recommendations of the commission of inquiry into freshwater fish marketing known as the McIvor commission are under study by the provincial, territorial and federal authorities. The views of certain of the provincial and territorial authorities have not yet been received. When these views have been received and considered, an announcement of government policy will be made.

APPOINTMENT TO PROPERTY MANAGEMENT POSITION, PUBLIC WORKS DEPARTMENT

Question No. 421—**Mr. Reid:**

1. Did the Public Service Commission advertise a competition to fill the position—property management in the capital region—Department of Public Works, and (a) if not, for what reason (b) if so, how many applications were received from both within and outside the Department of Public Works, and what are the names of those who formed the board to select the winning candidate?

2. What are the present duties of the present occupant of this position?

3. What are the qualifications of the present occupant of this position?

4. What is the remuneration for this position?

Hon. G. J. McIlraith (Minister of Public Works): 1. (a) The position of director of property management in the capital region of the Department of Public Works was filled

by means of an inventory search of applications registered at the Public Service Commission and of inventories of officers employed in the public service. (b) Thirty three candidates were considered by a board composed of the following members: Mr. R. B. Whiting, assistant deputy minister (program planning), Department of Public Works; Mr. J. A. Langford, assistant deputy minister (design), Department of Public Works; Mr. L. McGurran, director financial services, Department of Public Works; Mr. W. F. Nelson, director personnel administration, Department of Public Works; Mr. W. D. Egan, program evaluation officer, Department of Public Works. The then Civil Service Commission approved the recommendation of this board and appointed the successful candidate under section 25 (a) and (b) of the Civil Service Act.

2. The present dtuies of this position consist of the administration of the departmental program for the region relating to accommodation, client requirements in buildings, maintenance, site acquisition and the administrative and personnel services entailed in fiscal control, manpower utilization, classification, pay, staff development and safety and fire prevention; the development of regional organization, establishment and policy within the intent of departmental program and directives; the recommendation of retention of firms for service contracts, the invoking of penalty clauses in contracts, the development of changes in departmental procedures designed to improve services to clients and the public by the region, and the acceptance or rejection of claims within assigned authority; and the performance of other duties related to the position.

3. The present occupant is a graduate architect who was employed for seven years within the Department of Public Works between 1955 and 1962 in a number of different posts including those of assistant district architect and district architect of the Ottawa district office and of co-ordinating architect at Department of Public Works headquarters. Between 1963 and the time of his appointment to the position in question he was vice president of a development and construction company active in all fields of building development including management.

4. The salary range for this position is $17,270 to $20,802 per annum.

[Mr. McIlraith.]

QUESTION PASSED AS ORDER FOR RETURN

PURCHASES BY GOVERNMENT AND CROWN CORPORATIONS

Question No. 162—**Mr. Godin:**

1. In each of the last three years, what was the sum of the purchases made by (a) the government (b) departmental corporations (c) crown corporations (d) each of the proprietary corporations?

2. For each of the aforementioned sums, what were the annual proportions of Canadian and foreign products purchased?

Return tabled.

EXTERNAL AFFAIRS

VIET NAM—REACTION TO U.S. OFFER OF CEASE FIRE

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the Prime Minister received any information with respect to the attitude of the government of North Viet Nam or any of its allies toward President Johnson's latest offer to bring about a cease fire and commence negotiations for a settlement of the war in Viet Nam?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, to my knowledge we have not received any information bearing on that particular statement of the President. However, I will look into the matter and see whether anything came in this morning.

Mr. Reid Scott (Danforth): A supplementary question for the Prime Minister. Does the government have any information on the rumours circulating that United States bombers are refuelling in Canada as one of two stages, one stage being in Alberta and the other in Alaska? If so, can the Prime Minister say whether these rumours are true?

Mr. Pearson: Mr. Speaker, I have no information whatever which would support that statement in so far as Alberta is concerned, but I will be glad to make inquiries.

HEALTH AND WELFARE

RESOLUTION FROM BRITISH COLUMBIA RESPECTING TOBACCO ADVERTISING

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Health and Welfare,

based on a resolution passed by the union of British Columbia municipalities at their annual convention recently held in Prince Rupert. The resolution was to the effect that the U.B.C.M. called on all senior governments to introduce legislation to eliminate, modify or deglamorize all forms of tobacco advertising.

Has the minister received a copy of this resolution and, if so, can he inform the house of his response to same.

Mr. Speaker: Order. I am sure the hon. member will agree with me that the question could easily be placed on the order paper. That is the suggestion I take the liberty of making to him.

[*Translation*]

FINANCE

DISCUSSIONS RESPECTING INCREASE IN PRICE OF GOLD

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question is directed to my favourite minister, the Minister of Finance.

During the monetary discussions which took place in Rio de Janeiro, was the increase in the price of gold mentioned and, if so, what conclusions were arrived at during that conference?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the subject of the price of gold was not on the agenda of the meeting of the International Monetary Fund in Rio. Therefore I have nothing to report from the conference on this subject.

BILINGUALISM AND BICULTURALISM

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Prime Minister. In view of his call for a bipartisan approach to the problem of national unity, and the reported concentrated effort regarding national unity that the government is making at the present time, could the Prime Minister tell us if and when the final report of the B and B commission is going to be brought before the house?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, there was a question about this matter the other day, and I think I said at that time that there are three or four volumes of that report outstanding. The next volumes of the report are very important ones indeed and, I have been told, will be available at the end of next month, November.

TRADE

WHEAT—SALES AT LESS THAN MINIMUM PRICE UNDER AGREEMENT

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I wish to direct a question to the Minister of Trade and Commerce, particularly as he has made an announcement about the subsidization of wheat. Has the minister directed the wheat board to sell wheat A1 below the minimum price as agreed to by the 52 countries in the international wheat agreement, or has the wheat board stated to the minister that wheat will be sold without a minimum price?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I would imagine that these are regarded as internal matters between the minister and the wheat board. However, generally speaking, the wheat board has served notice that it intends to sell wheat at world prices, in competition with others who are competing for world markets.

Mr. Woolliams: A supplementary question, Mr. Speaker. I take it then that the minister has admitted that the wheat board will be selling wheat at below the minimum?

Mr. Speaker: Order, please. That statement is argumentative.

[*Later:*]

Mr. Woolliams: In further explanation, Mr. Speaker, I would like to put another question to the Minister of Trade and Commerce. I take it that in the discussions which he, on behalf of the government, had with the other exporting nations, the government took the position that there is no moral—

Mr. Speaker: Order, please. The hon. member cannot embark on a debate with the minister on any point. He should ask a question.

Mr. Woolliams: All right, I will put my question. I take it, then, that there is no moral obligation on the part of Canada to adhere to a minimum price under the world wheat agreement?

Inquiries of the Ministry

Mr. Speaker: Order, please. This question is out of order.

Mr. Woolliams: Mr. Speaker, I think the minister wanted to answer. He was partly up on his feet.

[*Later:*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I wish to direct a supplementary question to the Minister of Trade and Commerce on the subject of the price of wheat. In view of the minister's statements this afternoon on this matter, has the government now decided to concur in United States policy of selling wheat at below world prices?

Mr. Winters: Mr. Speaker, the whole idea of the decision made by the government last week was to put the wheat board in a position where it could compete with other exporting countries by selling below the price range that was agreed to at Geneva and Rome, but not yet ratified.

Mr. Woolliams: As a supplementary question I would like to ask the minister whether he or his government has complained to the United States about selling wheat below the minimum set out in the agreement.

Mr. Winters: Mr. Speaker, there is no such agreement that is binding at this time. There was an understanding at Geneva, subsequently broadened at Rome, but not yet ratified. It is the period between the reaching of this understanding and its ratification that is a matter of concern to the government.

Mr. Woolliams: As a further supplementary question—

Mr. Speaker: Order.

SHIPPING

REPORT ON ADMINISTRATION OF SMALL BOAT HARBOURS

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I wish to direct a question, of which I gave notice earlier today, to the new Minister of Transport. I wish to know whether the report of Dr. Tom Howe on the administration of small boat harbours has been received. If so, can the minister say when he will be able to table this report so that it may be available for study?

Hon. Paul Hellyer (Minister of Transport): I beg your pardon, Mr. Speaker; I was looking at the notice of another question I had received from another hon. member.

[Mr. Woolliams.]

Mr. Barnett: Mr. Speaker, I addressed a question to the Minister of Transport asking whether he had received the report of Dr. Tom Howe on the administration of small vessel harbours. If so, can he tell us when he will table this report for the information of members of the house?

Mr. Hellyer: Yes, Mr. Speaker, the report has been received. It is a very comprehensive document, however, and because of its content it will take the department some time to consider it. The report, which is voluminous, was intended to be an internal document for the department. Once we have had a chance to review it I shall be prepared to make a further statement and to comment on the situation which is revealed in the report.

FREIGHT RATES

REQUEST FOR REVIEW OF NEW NON-CARLOAD RATES

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have another question for the Minister of Transport of which I gave him notice. I welcome any efforts he may make to bring about changes that some think still remain to be made in the department. Is the minister aware of the great anxiety felt among maritime shippers with respect to the new non-carload rate structure? If so, will he promise a full review of this matter?

Hon. Paul Hellyer (Minister of Transport): Yes, Mr. Speaker. The matter has been brought to my attention and is being considered by the Canadian Transport Commission, which has jurisdiction under the powers given to it by parliament. I hope they will review it sympathetically for the benefit of all maritime members of parliament and others.

Mr. Bell (Saint John-Albert): A supplementary question, Mr. Speaker. Without commenting on the minister's answer, may I ask him if he will not examine the approaches that were made to the former minister, arrange a meeting, and consider using his good offices to bring about a stay or voluntary withdrawal of this new structure until satisfactory tariffs can be agreed on.

Mr. Speaker: Order, please. That is a representation and not a question.

TRANSPORT

REQUEST FOR STATEMENT ON FERRY SERVICE, SAINT JOHN, N.B.—DIGBY, N.S.

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, having given the minister notice of a perennial problem which I know he will handle with true dispatch, I should like to know whether he will repeat the assurance given by the previous minister that the government will soon make its long awaited announcement on the Digby-Saint John ferry situation.

Hon. Paul Hellyer (Minister of Transport): This question is high on the list of priority studies, Mr. Speaker. I hope to report to my hon. friend and his constituents as soon as possible.

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the fresh Minister of Transport.

Some hon. Members: Oh, oh.

Mr. Churchill: An answer of yes or no. would be satisfactory.

Some hon. Members: Oh, oh.

Mr. Churchill: Recalling the minister's experience with the admirals over the past few years, is he confident that he will be able to deal just as ruthlessly with Sailor Jack Pickersgill?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

Mr. Hellyer: I am sure there will be full co-operation—

Mr. Speaker: Order, please.

FINANCE

MINISTERIAL COMMENTS RESPECTING TAXATION COMMISSION REPORT

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): I wish to address a question to the Prime Minister since it deals with two statements of ministers which seem to conflict. In this morning's paper I noticed a report of a statement made by the Minister of Trade and Commerce, who is said to have roundly condemned one of the principal recommendations of the Carter report, the one dealing with depletion. That statement is contradictory to the one made by the Minister of Finance to this house, who informed us that the government would not decide its policy on the Carter commission report until a study has been made of it, a white paper published and the matter placed in the hands of hon. members. I should like to know from the Prime Minister which of his ministers has enunciated government policy.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I shall be very glad to resolve that contradiction in my hon. friend's mind by discussing the matter with both ministers concerned.

Mr. G. H. Aiken (Parry Sound-Muskoka): A supplementary question, Mr. Speaker. In view of the various statements which have been made about the matter of tax incentives for the mining industry, is the Prime Minister in a position to say whether the government has reached a decision on the matter?

Mr. Pearson: The policy of the government on this and related matters will be made known—

An hon. Member: In due course.

Mr. Pearson: Yes, in due course. Thank you.

Mr. Robert Simpson (Churchill): I wish to direct a supplementary question to the Minister of Trade and Commerce. Does the report of the minister's statement made at Fort McMurray over the past week end, to the effect that tax incentives to encourage mining development and exploration should be continued, represent government policy?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I was merely stating that there—

Mr. Speaker: Order, please. An hon. member cannot ask a minister to comment on a statement made outside the house.

NATIONAL DEFENCE

DELAY IN INTRODUCTION OF UNIFICATION LEGISLATION

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I have a question for the Minister of National Defence, but since he is absent overseas attending a NATO meeting I shall address it to the

Prime Minister. Is the delay which has been announced in the promulgation of the amendments to the National Defence Act, providing for unification of the armed forces, due to the government having found that the proposed changes are not practical or desirable?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker.

PILOTAGE

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question for the new Minister of Transport concerning another long standing problem or issue. Can he tell us what is the status of the long awaited report of the pilotage commission?

Hon. Paul Hellyer (Minister of Transport): I must take that question as notice, Mr. Speaker.

LABOUR CONDITIONS

INQUIRY AS TO AMENDMENT OF LEGISLATION

On the orders of the day:

Mr. J. N. Ormiston (Melville): I wish to put a question to the Minister of Labour which has nothing to do with housing. As the annual meeting of the brotherhood of railway, transport and general workers is now being held in Ottawa, could the minister not give some indication when legislation will be brought forward to amend the Industrial Relations and Disputes Investigation Act?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the matter should be on the order paper before too long, I hope. I cannot fix any definite date, but it can reasonably be expected to be put on the order paper before the end of the month.

EXPO '67

LACK OF AGREEMENT TO ENSURE TRANSPORTATION SERVICE

On the orders of the day:

Mr. Roger E. Régimbal (Argenteuil-Deux-Montagnes): I wish to address a question tion to the Minister of Trade and Commerce, who is responsible for Expo. Since we were given to understand that agreements had been arrived at with the various organizations involved which would protect the operation of Expo '67 against untimely labour-management conflicts, and since the present Montreal transport strike has already cost an estimated $7 million in revenue, is it correct to assume that the M.T.C. and its employees were overlooked in arriving at those agreements?

Mr. Speaker: Order, please. The question as framed is not acceptable. The hon. member is asking an argumentative question.

AGRICULTURE

ASSISTANCE TO PRODUCERS AFFECTED BY TARIFF REDUCTIONS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. Are measures being worked out by the government to ease the impact on agricultural producers adversely affected by Kennedy round tariff reductions?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I believe that some time ago the Minister of Trade and Commerce announced any measures that were being taken in this regard, but I do not think with respect to agriculture in particular. We are in constant discussion with the agricultural organizations, and certainly any appropriate action would be announced in the house in the proper manner.

[*Later:*]

Mr. Hees: Mr. Speaker, I would like to direct a supplementary question to the Minister of Trade and Commerce. As the Minister of Agriculture implied that the Minister of Trade and Commerce at some time had made a statement to the house on this matter, could the minister advise the house whether the government is taking steps to see that agricultural producers who are adversely affected by Kennedy round tariff reductions are going to be protected?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, this whole matter is one of continuing government consideration. No decisions have yet been arrived at.

Mr. Hees: As a further supplementary question, is this matter being actively considered with the idea of producing a plan to protect agricultural producers who are affected?

Mr. Speaker: Order, please. This is a repetition of the previous question.

FISHERIES

ESTABLISHMENT OF 12 MILE LIMIT AND GEOGRAPHICAL CO-ORDINATES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I would like to address a question to the Minister of Fisheries. Would the minister take the House of Commons and the fishermen of Canada into his confidence and give us an up to date report on the negotiations being carried on with other countries toward establishing a 12 mile limit for Canada? At the same time would he inform us when we may expect geographical co-ordinates to be established, from which base lines will be drawn?

Mr. Speaker: Order. The question as asked is not acceptable. The hon. member is asking for a statement, something which should be made on motions.

NATIONAL CAPITAL

INQUIRY AS TO ESTABLISHMENT OF JOINT PARLIAMENTARY COMMITTEE

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, having regard to the desirability of concluding before Christmas the long awaited parliamentary study on national capital planning, may I ask the Minister of Public Works when he proposes to ask the house to approve the establishment of a special joint committee on this subject?

Hon. G. J. McIlraith (Minister of Public Works): Very shortly, Mr. Speaker.

EDUCATION

REPORTED REFUSAL OF MEDICAL STUDENTS THROUGH LACK OF FACILITIES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. Now that fall registrations have been completed has the minister been informed in the last few days that hundreds of qualified students have been refused entrance to Canadian medical schools because of the lack of teaching facilities?

Mr. Speaker: Order. I have some doubt that the question as asked is acceptable. The hon. member is asking if the minister has been informed of a situation. I do not think the question in this form is in order.

Inquiries of the Ministry

Mr. Grafftey: May I rephrase my question to the minister. Now that fall registrations have been completed will the minister inform the house whether hundreds of medical students have been refused entrance to our universities because of a lack of teaching facilities?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker, I will inform the house at the appropriate time.

FINANCE

INQUIRY AS TO AMENDMENTS TO DEPOSIT INSURANCE LEGISLATION

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wish to direct a question to the Minister of Finance. In accordance with an undertaking given to the house the minister tabled a letter dated June 27, addressed to the premier of the province of Quebec, regarding proposed amendments that might have to be made to the Canada Deposit Insurance Corporation Act. Would the minister advise the house when it is proposed to bring forward these amendments, and when we may anticipate that we can get on with the consideration of them in committee?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I would like to say I am surprised that the matter is not on the order paper. The legislation is ready and it will be presented immediately.

UNITED NATIONS

CANADIAN POSITION AS TO ADMISSION OF RED CHINA

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of reported differences in statements made by the Prime Minister and the Secretary of State for External Affairs with respect to the admission of mainland China to the United Nations, can the Prime Minister say what is now the Canadian government's position with respect to this matter?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, there are no differences as referred to by my hon. friend. Our position, as it was outlined to the last assembly of the United Nations and repeated by the Secretary of State for External Affairs last week in regard to the desirability of having the voice

of continental China heard at the United Nations assembly has not changed. However, as I have said before, and so has the Secretary of State for External Affairs, this is not a time when an initiative of the kind we took last year is likely to be accepted. It was rejected at the last general assembly, and in view of what is going on in China at the present time it is not likely that any initiative of that kind would be more acceptable this year than it was last year.

HEALTH AND WELFARE

PAYMENTS TO PROVINCES UNDER HOSPITAL LEGISLATION

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question for the Minister of National Health and Welfare of which I have given him notice. Will he advise the house whether the monthly payments made to nine provinces by the Canadian government under the Hospital Insurance and Diagnostic Services Act are up to date as of September 1967, and are the payments to the province of Quebec under the Interim Fiscal Arrangements Act also up to date as of September, 1967?

Mr. Speaker: Order, this question should be placed on the order paper.

Mr. Cowan: Ten o'clock, sir.

COMPANY OF YOUNG CANADIANS

INQUIRY AS TO POSSIBLE DISBANDMENT OF GROUP

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I wish to direct a question to the Prime Minister. Considering the failure of the Company of Young Canadians to achieve the objectives for which the group was formed, is it the intention of the government to disband the company, particularly in light of the cost of over $2 million to the treasury this year?

Mr. Speaker: Order. The question as asked includes allegations, and cannot be asked in that form.

DOMINION-PROVINCIAL RELATIONS

NOVA SCOTIA—ASSISTANCE TO KEEP MCBEAN MINE IN OPERATION

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I wish to direct a question to the Minister of Energy, Mines and Resources. It is further to a meeting at Halifax attended by the united mine workers, community leaders and other interested people. Has the government made a decision on additional subventions to be provided in order to keep the McBean mine, with its 400 employees, operating during the next year or two?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, subventions are being paid now, and with respect to what will happen in the future I am waiting for the corporation to become operative before deciding.

ROYAL CANADIAN MINT

INQUIRY AS TO PRODUCTION OF CENTENNIAL COINAGE

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I wish to direct a question with reference to centennial coinage to the Minister of Finance. Has the production of centennial coinage for 1967 been cut off at the mint?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I would have to take notice of part of the question. In fact the intention is to supply the needs of our currency with 1967 coinage but not to carry that design forward into 1968. I am not absolutely sure about the precise answer to the question that has been asked.

Mr. Pugh: As a supplementary may I ask whether the old coinage has also been produced during the present year?

Mr. Speaker: Order, please. I fail to see the immediate urgency of the question. There may be some aspect of the question which escapes me. If there is a matter of urgency, I will allow the question; otherwise I suggest that it be placed on the order paper.

Mr. Pugh: On this point, you will remember that before July 1—

Mr. Speaker: It might be easier if the hon. member asked the question.

Mr. Pugh: May I argue it at ten o'clock?

SUPPLY

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board) moved that the house go into committee of supply.

HOUSING—ALLEGED FAILURE OF GOVERNMENT POLICY

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, in a young country such as Canada where the population is made up of people who have come from many countries, where there are vast distances over which people and goods must be transported, a country with a strategic location on this earth, it is natural that there will be many matters, that trouble Canadians. Canadians are serious about the unity of Canada; they are concerned about it. Canadians are worried about peace on earth, the Viet Nam situation, and the underdeveloped countries which need assistance. Parents are worried about future opportunities for their children to achieve their aims by individual effort and not by relying entirely on governments. Our people are concerned about the position of Christian principles within our society.

There are many things which concern Canadians and it is well that Canadians think about them. However, the motive of self-preservation and self-interest—and I use the expression "self-interest" in the broad sense —is an overpowering one. Therefore I believe the one single factor with which most Canadians are concerned today is that of inflation and the increasing cost of living. Inflation steals from the poor and the prudent. I think of the elderly couple or the old age pensioner who are trying to survive on $105 a month. Out of this $105 the old age pensioner may have only $40 or $50 a month with which to provide a reasonable roof over his head. I know of many instances where such people do not have enough money toward the end of the month to satisfy their hunger.

I used the word "prudent". There are prudent people who are affected by inflation. I think of a friend of mine who retired about nine years ago. He had been a fairly senior official in a private company. Partly because of health reasons he retired at a somewhat early age, although he was not required to do so. He had given his family a reasonable home life. He had sent his children through school. He had never looked to any government for a handout. He had saved money and he had bought bonds. With his savings he bought a house. From the income on an annuity which he had bought and from the interest on his bonds he thought at the time he retired that he would be able to maintain a reasonable standard of living. Today he finds that the value of his annuity and the income from his bonds are not sufficient to maintain him at a reasonable standard. He is now forced to sell some of his bonds. He figured he would try to live on some of his capital until he became eligible for old age security, but he finds that he is receiving only about 80 per cent on the dollar for the bonds he is selling.

I think of the hundreds and thousands of retired civil servants, many of whom have made representations to the Prime Minister (Mr. Pearson) and the government. They have indicated that in many instances the pensions they received at the time of retirement will now buy only 60 per cent of what they would have bought at the time they were retired. Truly inflation and the increasing cost of living do steal from the poor and the prudent.

But there is one aspect of Canadian life on which inflation has a devastating effect and that is housing. Housing is an essential element for the social well-being of the citizens of the country. Last Monday, on behalf of our party, I moved the adjournment of the house to consider a matter of urgent national importance, namely, the housing crisis. Realizing that the question would be raised by us again and that the motion might well be granted at a later date, the government therefore agreed to bring up the estimates of the Department of Labour last Thursday so that we could discuss the crisis.

I wish to make it clear that I do not use the word "crisis" in the sense that this is a problem which has arisen just now; it is a problem which has been with us for a long time. Repeatedly we have brought it to the attention of the government. For example, on May 16, 1966, a year and half ago, the hon. member for Northumberland (Mr. Hees) moved the following amendment to a supply motion:

> The policies of the government in imposing tight money and denying builders and prospective home owners needed mortgage funds, constitute a negative approach to the problems facing our economy and are seriously impeding the development of the nation.

Let me describe briefly what the current situation is with regard to housing. We have brought it to the attention of the government before but it may need repeating in a brief manner. At page 193 of the fourth annual review of the Economic Council of Canada we find the following:

> Nevertheless it appears that perhaps as many as one million Canadians are housed in substandard dwellings of this description.

The reference is to a backlog in housing requirements. Roughly one million people were in need of housing this year as of the date of this report. I should like to quote from page 129 of the report of the special committee of the Senate on aging:

—300,000 elderly family and non-family households in 1961—were experiencing difficulties in their housing situation.

As a matter of fact, Mr. R. Adamson, C.M.H.C. economist, estimated when he appeared before the Senate committee on aging that at least 400,000 elderly persons as of that date were in need of housing assistance because of the backlog in the housing situation. What is being done to solve this backlog in housing requirements? I should like to quote from page 133 of the same report of the Economic Council of Canada:

We estimate that by the end of the 1960's housing starts and completions in Canada will need to rise to annual levels of at least 200,000 units to fully meet the nation's requirements at that time.

At another point it states that in the last four years of the 1960's an average of 194,000 housing starts will be required to meet the current requiremetns. Just speaking of one place, the city of Victoria and its environs, the capital regional planning board of British Columbia, at the time I was chairman, made a survey of housing requirements for elderly people in the greater Victoria area and arrived at the conclusion that at least 1,000 people in that area alone were in urgent need of housing accommodation. That is the present situation in respect of housing.

• (3:30 p.m.)

What is being done to meet, first of all, the current requirements and, second, to catch up on the backlog of shortages? In 1966 there were 134,000 housing starts in Canada. The minister indicated last week that this year there will be in the order of 150,000 housing starts.

Mr. Nicholson: On a point of order, Mr. Speaker, I am sure the hon. member would not want to allow a misstatement to go by unchallenged. The figure I mentioned last Thursday was 150,000, not 130,000.

Mr. Chatterton: Perhaps the minister misunderstood me. I did say that he estimated there will be 150,000 starts this year. In any event, in those two years alone, over and above the one million houses the Economic Council of Canada suggests are required there has been a shortage of requirement in the neighbourhood of 70,000 to 90,000 houses.

[Mr. Chatterton.]

Therefore we are falling farther and farther behind.

Having recognized the situation as it is, let us consider the effect of this critical situation on Canadians. Let me refer first of all to page 136 of the report of the Economic Council of Canada. It enumerates certain effects which result from the housing situation in Canada including:

—shortages of suitable housing in many of the larger urban areas of the country, with adverse social consequences and inhibiting effects on labour mobility;

—widespread and significant increases in rents and house prices, which have been reflected in the cost of living and in upward pressures on wages—

In the 12 months ended August, 1967, the consumer price index on housing went up from 145 to 152.2, an increase of 7.2 in one year alone. It is common knowledge that the shortage of housing in itself has tremendously increased the cost of houses which have been built. It is obvious that when there are more purchasers than there are houses the price goes up.

The third effect as reported at page 136 of the council's report is:

—the sharp drop-off in the utilization of productive capacity in the apartment building sector of the construction industry, with disruptive effects on efficiencies and on the longer-term retention of specialized and skilled labour.

Let me emphasize again the effect on apartment buildings. The minister indicated, and generally authorities agree, that the most efficient form of housing is the multiple type, not necessarily apartment blocks because it could include row houses. This does not mean that people who want to own their own houses should not be allowed to do so, but from the point of view of the provision of houses and the cost of land and services, apartment or multiple housing units are more efficient. The Economic Council points out that the existing situation has had a severe effect on this particular phase of the house construction industry.

Let me refer to a few words of a contractor in my area who has written to the minister to indicate the effect of this housing policy on contractors. First of all he says it prevents builders from building speculative housing which could be used to level out builders' production. Second, it makes it impossible for builders to engage in any kind of realistic planning or buying because builders cannot get volume prices and price discounts on material and subcontracts when neither they nor their suppliers know how many housing

starts they will have in the next few weeks, let alone in the next few months.

This man also suggests that builders cannot afford to develop land when the lack of mortgage money makes land unusable for months, leaving capital tied up. He suggests that banks are not interested in developing land of that sort. Therefore builders must wait for mortgage funds to be released and then scramble for whatever lands are available at a premium price which must be passed on to the consumer.

I am trying to point out the effect of the housing situation on Canadians. Let me quote from page 25 of the report of the Economic Council of Canada:

> Many potential home-owner borrowers, for example, may be deterred by virtue of the fact that a higher mortgage interest rate finds significant reflection in the size of the monthly mortgage payment, particularly given the long-term nature of most of the loans now made.

Last week we attempted to point out the seriousness of the existing housing situation. Last Thursday we listened with a great deal of interest and anticipation to replies and answers from members on the government side. It was my impression that the general reaction of the government was, first of all, that this is not a serious situation and, second, that if it is serious there is nothing it can do about it. For example, the Minister of Labour (Mr. Nicholson) seems to be more concerned about the actual number of housing starts that should be made according to the report than the fact we are falling farther and farther behind. He has consoled himself with the fact that this year housing starts are 15 per cent above the level of 1966. What he did not say was that in 1966 there were 32,000 fewer starts than in 1965. Surely the number of starts should not be anything else but greater. The minister did not mention that the number of housing starts in 1966 was less than in 1958 when there were 164,000. The number of starts last year was less than in 1955 when there were 138,000.

The minister seems to be unconcerned about the fact that the Economic Council has pointed out that 140,000 houses are required per annum for new family formations and non-family requirements and that in addition 50,000 are required for replacement. Apparently this is not important. To indicate the attitude of the government let me refer to page 2596 of *Hansard* for September 28, 1967. The minister interjected with this question to the hon. member for Danforth (Mr. Scott):

> Does he know that from among those who have borrowed in excess of $500 million this year more than half the borrowers have incomes between $4,000 and $7,000 a year?

That question clearly implied that if that amount of money was borrowed by people earning between $4,000 and $7,000 per year there should be no difficulty in respect of those people who are earning less than $8,000 per year. What the minister fails to bring to the attention of the house is that according to the Canadian housing statistics for 1966 the average cost of a house to those people whose income was less than $4,000 was $12,560. The down payment required from the people in that group was $7,000. The minister knows the C.M.H.C. requirement that the payment to retire the debt and cover the taxes must not exceed 27 per cent of one's gross income. So the people in the low income group to whom the minister referred had to put up a great deal of cash in order to reduce their mortgages.

• (3:40 p.m.)

These people often had to borrow the money, without C.M.H.C.'s knowledge, in order to make the down payment. They borrow the money or sell a little home they have and they put down a large sum of money in order to meet the requirements of C.M.H.C. I am trying to point up the attitude of the government in this respect.

The hon. member for Verdun (Mr. Mackasey) spent a great deal of time the other day reading to the house excerpts from various newspapers indicating in effect that many houses are available and there is no problem at all. I think the hon. member spent ten minutes trying to convince us that there was no problem at all. In view of that attitude of the government we believe we should continue to bring to its attention the serious situation that exists.

Last Thursday the Minister of Labour said to us in effect: What does the Economic Council of Canada advise us to do? Do they prescribe any solutions for this serious problem?

This brings me to the next point I wish to make. First of all, we should try to recognize what were the factors that caused the present situation, what were the conditions that led to it. How can any government find a solution to a problem unless it first recognizes the causes of the problem? I now wish to deal with the causes that led to this crisis in

housing. I quote from page 261 of the fourth annual review of the Economic Council of Canada:

> Thus, the accelerated increase in government spending in 1966 and 1967 is outpacing the growth of government revenues at existing tax levels.

Now we are getting to the crux of the matter and the cause of the situation in which we find ourselves with respect to housing. I must point out that the excerpt I have just read from the fourth annual review of the Economic Council refers to government spending and includes all levels of government. Let us never say that the whole fault lies with the federal government. But I submit that according to the figures quoted in the report of the Economic Council of Canada the increase in spending by this government has been a major factor in arriving at the situation where it is not possible to obtain private money with which to finance housing mortgages.

On page 27 of the fourth annual review of the Economic Council of Canada the increases in expenditures of all governments are set out. For example, in the case of goods and services federal government expenditures in 1966 increased by 18.8 per cent over 1965. If we exclude defence, the increase in expenditures in 1966 over 1965 was 27.1 per cent. When the hon. member for Perth (Mr. Monteith) spoke in the budget debate on June 6 last he indicated that the increase in federal government expenditures in 1967 over 1966 would be another 20 per cent. We are trying to find out what are the factors which led to the situation we face today.

Mr. Sharp: Mr. Speaker, could I ask the hon. gentleman a question?

Mr. Chatterton: Mr. Speaker, I would prefer to answer questions at the end of my speech. We are trying to put our finger on the cause of this serious situation. The government has taken the attitude that there is a shortage of money and this is the reason they have had to raise the interest rate on C.M.H.C. loans to a maximum of 8¼ per cent. I agree with the minister that this does not mean the interest rate will be 8¼ per cent. That is the maximum. It may well be that it will not go up to 8¼ per cent.

The government says there is a shortage of money and they ask: What else could we do? The question is, Mr. Speaker, why is there this shortage of money? I wish to quote rather extensively from the speech of the hon. member for Perth in the budget debate of June 6 because the hon. member put his finger on the cause of this situation in which money cannot be obtained at a reasonable rate for housing mortgages. I quote from page 1192 of *Hansard* of June 6 last:

> The other evening the minister casually brushed over the effect on the money markets, interest rates, international affairs and domestic prices—

And so on. I quote further from the hon. member's speech as reported on the same page of *Hansard:*

> All the signs point to the government having to move into the money market in a very big way.

I listened to the Minister of Finance (Mr. Sharp) announce just a few minutes ago that this is a trend right across the world. I realize there is concern in Europe and many other western countries particularly because the United States is using the interest rate to ease the economy. I believe that the action of this government has greatly aggravated the situation which exists in Canada, though it is subject to influence from other parts of the world. The action of the government has contributed directly to the position in which we find ourselves today, where money at a reasonable rate cannot be obtained to finance such an essential article as housing. I quote again from the speech of the future minister, now the hon. member for Perth, at page 1193 of *Hansard.* I said "future minister", and I mean in the not too distant future.

Mr. Stewart: You must mean that he is turning ecclesiastical.

Mr. Chatterton: As reported at page 1193 of *Hansard,* the hon. member for Perth said:

> As the minister noted, prices are now 7.3 per cent above what they were two years ago. It is obvious, sir, that the grocery dollar is getting smaller and smaller. At the same time that prices are rising the government must attempt to raise funds of its own in competition with private business and with individuals so in effect the price of borrowing money rises too.

The hon. member then said, as reported on the same page:

> It means interest rates will tend to stay high.

Further, the hon. member said, as reported at page 1193 of *Hansard:*

> Sir my concern with the financial gyrations of this government is that it has a total disregard for the expenditure of the peoples' money.

We are beginning to put our finger upon what has caused or aggravated the housing shortage in this country. I shall now read a few of the excerpts which the hon. member in his speech read from the *Globe and Mail*

of June 5. This appears at page 1195 of *Hansard* for June 6:

In the past several years the public has acquired a good deal of experience in the methods of frenzied financiers and it therefore should have no great difficulty in recognizing the glibness of Finance Minister Sharp for what it is.

• (3:50 p.m.)

In his budget speech, which is the equivalent of the annual report to shareholders from the president of a financial institution, the finance minister put up a bold front, yet he was unable to conceal the one important fact, that the nation's financial operations are out of control.

Last Thursday members of all the opposition parties tended to blame only the Minister of Labour. I think he should carry a certain measure of blame for the situation in which we find ourselves today but I submit the basic cause leading to this problem does not lie with the Minister of Labour except in so far as he is a member of the government. It can be directly ascribed to the policies of this government as indicated by the Minister of Finance. It is he who has mainly contributed to the situation we face today.

I could continue quoting along the same lines for another half hour. I am trying to find explanations for the basic causes which have led to this situation. First of all I wish to quote from pages 108 and 109 of the report of the Economic Council of Canada. Reference is made here to the surplus and deficit positions on a national accounts basis. The expert reads as follows:

The major factor in this development in 1966 was an extraordinary rise in government purchases of goods and services, of 16 per cent, or $1.6 billion, the largest percentage increase since the Korean defence build-up.

A very significant comment is made on page 24 of the fourth annual review of the Economic Council of Canada regarding the shortage of housing. It reads as follows:

It is important to note that this situation has not developed as a result of any conscious choice, based on an ordering of the national priorities.

What is meant there is that the government has been drafted into this position because of a lack of a firm stand and because of a lack of a recognition of priorities.

Now let me quote a very eminent journalist and a great columnist, Mr. Bruce Hutchison, from the Ottawa *Journal* of September 25. The article reads partly as follows:

The Pearson government is trying desperately to extricate itself from a double blunder of economics and politics.

Farther on he wrote the following:

The moment of financial truth came in the last month when the government suddenly found that it could not sell its bonds without paying exorbitant interest rates which have automatically raised those of all borrowers, public and private.

Mr. Hutchison, who I think is a greater authority on this subject than I am, went on to say:

Finally it found its fiscal policies under unprecedented attack by the impartial Economic Council—

Up to now the government, misjudging the economic climate has fed inflation with its deficits.

I do not think there is any doubt in anybody's mind that inflation is a factor which has contributed more than anything else to the position which we have a right to take today in the housing crisis.

Now I wish to quote the following from the *Financial Post* of September 2 of this year:

Ottawa can only blame itself for its present boxed-in position. If its increases in spending had been less exuberant across the board in the past few years, it would now be able to borrow more easily to finance its long-established housing program.

Farther on the same editorial, headed "Why Housing Gets Hit", reads as follows:

If our political leaders in their beneficence wish to improve the outlook for housing in a more permanent way they must design and time their total spending in a way that encourages, not discourages, private investment in housing.

I think we are beginning to make our case. We recognize there is a shortage of money and tremendous competition in the capital market. We are trying to find out reasons for that situation, and I maintain it was the action of this government which has greatly contributed to that difficult position. I feel sorry for the Minister of Labour. I know he would like to go to the government and say: Please give me another $300 million so I can make direct loans available rather than have to raise the interest rate. I am sure he would love to be in a position where the Minister of Finance would agree to giving him $300 million more.

I recognize that the government has spent $900 million this year, but why did it have to do so? It is because the action of the government has made it impossible for private lenders to have money available to lend for housing. This is why the government has had to spend money on housing. I commend the government for having spent that much in difficult times, but why did it have to do it? Next year we will be in a worse position. As the Minister of National Revenue (Mr. Benson) told us on Thursday, next year we will not be able to get nearly as much. Therefore the

government has to rely on a fantastically high interest rate to induce private investors to put their money into housing. I appreciate the position of the Minister of Labour and I acknowledge it is not of his making. I see the minister is smiling.

Mr. Connelly, the president of the National House Builders Association, had the following to say as reported in the association's news release of August 24, 1967:

> Mr. Connelly said that his association shared the government's concern for deficit financing and he pointed out that heavy government borrowings at all levels to maintain many non-essential programs had cut into the supply of mortgage money. He agreed with the hope of the government that by reducing its demands on the capital market it will cause interest rates to fall and that more private money will then be attracted into mortgages.

There is not much hope of that now; they may go up to 8.25 per cent. I wish to quote now from the *Telegram* of September 29 in which the following comment is made:

> Is Ottawa so blind to the growing inflation in this country, brought on in part by unwise government spending, not to know that even upper income families cannot afford new homes?
>
> Are the government's expenditures in relation to its revenues in such desperate straits that it must sweeten the prospects of private capital buying up N.H.A. mortgages at the expense of the would-be home owner?

There is no doubt that the people who will suffer most from the present situation and from the present action of the government, which was in effect necessary because of the past actions of the government, are the people who can afford it least, namely, people earning less than $8,000 a year.

The Minister of Labour asked us on Thursday what the solution to the problem is. He said that the Economic Council of Canada did not put forward any constructive proposals. As I have said before, the first step is for the government to recognize the causative factors which led to the situation. Unless it recognizes and accepts them, how can it remove the causes?

I hope I have achieved something by impressing on the government that it was their actions that brought about the situation where mortgage money cannot be obtained for housing at a reasonable rate. The government should realize what is required in a practical way to achieve the objectives outlined by the Economic Council of Canada. On page 112 of its report the Economic Council wrote the following:

> The increase in the housing stock, on the other hand, has not kept pace with the rise in new family and household formation in the recent period. Vacancy rates have been sharply reduced, and the price of housing and rental accommodation has risen sharply. Over the period 1963-66, the average rate of growth in the physical volume of housing expenditures amounted to only 3.2 per cent per year.

This is what will be required from now on and the government should pay special attention to it. The report continues:

> To meet the demand for housing which our projections of new family and household formation imply, an average of some 190,000 new housing units per year are required between the years 1966 and 1970. This would mean an average annual rate of growth in the real physical volume of housing expenditures of about 8.4 per cent per year to 1970, or well over twice the average rate for the 1963-66 period.

• (4:00 p.m.)

Therefore, Mr. Speaker, the government must be aware that this sum of money will be required from now on to meet the minimum objectives which have been set by the Economic Council. Unless they realize this, how can they take action to achieve those objectives?

On the negative side, on page 265 of the report of the Economic Council of Canada there is the following statement:

> The use of housing as an economic regulator should not be continued to such an extent in the future.

This is also something the government must keep in mind. There must be an even flow of funds for housing so that the housing industry can operate in an efficient and effective manner in order to meet the needs for housing in Canada before too many years pass. On page 264 of the report of the Economic Council it is stated:

> Of all the major sectors of the economy, none will have to grow more rapidly than housing—at least to 1970.

It is set forth on page 261 that there is a need—

> —for consistent and comprehensive determination of objectives and priorities;—

Let us recognize, Mr. Speaker, what is important. Is housing important? If so, let us assign to it a certain priority, and let the government arrange its fiscal affairs in such manner that the objectives set by that priority can be achieved. The report goes on to say there is also a need—

> —for continuing evaluation of the impact and effectiveness of the growing range and diversity of government programs in relation to their cost; and for increased co-ordination between governments in relation to these matters.

Then at page 262 the report continues:

> Similarly, careful attention should be given to the possible ways in which rising government

spending could impinge, with adverse effects on the whole economy, on needed growth in housing, exports, and business investment.

If the government does nothing else but take heed of that advice by the Economic Council of Canada and recognizes that it should not repeat the errors of the past which caused this situation, then we have gone a long way toward finding a solution to these problems. But it is a prerequisite to any solution, Mr. Speaker, to recognize the causes of the situation and to take the advice of the Economic Council not to repeat the same actions which would lead to the same problems.

Other specific suggestions could also be made. I agree with the minister when he states what is the first obligation of the government. As reported at page 2577 of *Hansard* the Minister of Labour said:

> As I have just indicated, the government intends to devote a larger proportion of its resources to the social needs of the lower income groups and to the trouble spots resulting from the fantastic urban growth that has taken place, in order to provide improved living conditions in urban areas.

I agree that it is the prime responsibility of the government to provide housing for those in greatest need, and I concede that there have been substantial improvements under the National Housing Act in the provision of housing to accommodate people in the low income brackets. But judging from the performance last year and this year, the fact of the matter is that the measures provided under the National Housing Act have not been effective.

For example, during the whole of 1966 only 5,676 housing units were provided under the National Housing Act. We must keep in mind that the Senate report on aging indicated that there is now an immediate requirement for 300,000 such units. In addition to the 5,676 units provided by the public housing authority, another 1,300 units were provided by way of the acquisition and renovation of existing property. In the first six months of 1967 a grand total of 1,170 housing units were provided for those in greatest need in the very low income brackets.

I realize that the minister has been criticized for being absent from the house, but I commend him for having travelled around the country trying to convince provinces and municipalities that these provisions of the act can help them solve their problems. I admit that the provinces and municipalities have been reluctant to accept this proposition, but both the minister and the provinces have made some progress in this field. For example, eight of the provinces have now established agencies to co-ordinate these provisions so that advantage may be taken of them. Nevertheless I still submit to the minister that the provisions themselves require substantial improvement.

One of the biggest difficulties—I have experienced this situation myself—is that the municipalities have to find the finances required to purchase such land and then to service it. Therefore I urge the minister to consider amending the terms of the National Housing Act by going beyond the provision of assistance for sewers and assisting the municipalities in meeting their public housing needs in other ways. I think that this is one of the fields that the municipalities are the most reluctant to enter.

Mr. Nicholson: If the hon. member will permit me a question, does he not know that under the act at the present time there is provision for assisting municipalities and provinces in the acquisition of land, that there are provisions for land assembly to meet future needs?

Mr. Chatterton: Yes, I agree. This is by agreement with the provinces. But the fact of the matter is that the municipalities still find it difficult to provide services. I point out that in some fields the federal government offers no assistance. Also it is only through federal-provincial agreement that assistance is provided in the acquisition of land.

Another aspect which could be improved substantially is that of limited dividend housing. These operations were largely at a standstill last year and only 300 units have been provided this year. Although this field is open to private capital, I think changes should be made in the provisions to ensure that private capital is given the chance to enter that field.

I do not want to take much more time, Mr. Speaker, but I point out that many excellent suggestions are made in the last chapter of the fourth annual review of the Economic Council of Canada under the heading "Policy Implications". I was glad to see that when the minister spoke last Thursday he recognized that there would have to be a thorough, comprehensive study made of the whole question of urbanization. I know this question was mentioned in the throne speech last May, but that was in May, Mr. Speaker. The minister has used the excuse that there are three provincial elections coming up and that we will have to wait until these are over, but I would ask him why he did not conduct this

study before. I am sure it is not the personal fault of the minister, but there does seem to be some confusion on the part of the government about what to do first. To my mind an objective, comprehensive study is certainly essential.

The provision of money for housing is not the only problem, as the minister knows. We also have to find the land, and there is the question of transportation to be considered. The whole thing is tied up with education and air pollution and the problem is a broad one. But I must say that unless a reasonable amount of funds is made available to provide housing we will not begin to find a solution. This is an urgent problem for which the government must find a fairly reasonable answer in the very near future.

I am going to move now to a motion which will give those members, particularly those on the other side of the house, who feel that the government by its actions has not contributed in any way to meeting this difficulty an opportunity to indicate their disapproval. It will also give those who feel that the government's policies have been demonstrated to be completely satisfactory and adequate a chance to vote against my motion. I therefore move, seconded by the hon. member for Gaspé (Mr. Keays):

• (4:10 p.m.)

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

"This House asserts that the government by its failure to assign priorities to essential programs and to co-ordinate fiscal policy to ensure the carrying out of such programs, has directly contributed to the difficulty of providing adequate housing at reasonable cost; that its recent action with respect to the interest rate has worsened the position of Canadians in the middle and low income brackets;

And this House regrets the failure of the government to recognize the housing shortage as a major crisis requiring immediate and co-ordinated steps for its solution as clearly indicated by the recent report of the Economic Council of Canada."

The Acting Speaker (Mr. Tardif): The question is on the amendment.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, in rising to take part in this debate I welcome the amendment moved by the speaker for the official opposition because it clearly expresses our party's objectives vis-à-vis the attitude of the present government to housing needs. I particularly refer to the last part of the amendment which says that the government has failed to recognize at this time the urgency of the housing crisis. I believe that the amendment clearly expresses the feelings not only of the official opposition and of our party but also of the Canadian people at this time. I intend to devote my time to expressing as well as I can what we feel about the utter bankruptcy of the government's policy in the face of the urgent housing situation.

There is little need for me to cite the report of the Economic Council as the previous speaker did that most carefully. To my mind the one thing this government lacks to deal with the housing crisis is the will to deal with it. I do not believe that money, materials or manpower are the essential ingredients which are lacking. The most necessary ingredient that is lacking is the will by this government to give housing the top priority that it ought to have.

Some hon. members may not think that this is a sophisticated way to talk of housing. I do not aim to be sophisticated. I aim to come before this house and to express the needs of my constituency, province and country as ably as I can. In the minds and lives of thousands across this country the need for housing has become the top priority at this time. In spite of the copious warnings in different parts of the Economic Council's report the government has no notion at all of dealing with housing as a matter of top priority.

The report was published approximately a week before we met here on September 25. In the report of the Economic Council are listed five goals of government policy. They are the five most important goals within the domestic field. At the top of the list is supplying adequate housing for the people of this country. No. 2 is educating the growing population; No. 3 is providing employment; No. 4 is maintaining price stability and No. 5 is solving urban problems.

Those of us who spent the summer in our constituencies, particularly if we live in urban constituencies, came to believe from our experience with our constituencies and constituents that housing would be the top to face parliament this fall. The government was warned about this. The Economic Council made it clear that housing should be the top priority in government policy this fall.

We returned to this House on September 25 and what did we find? First, housing was not mentioned at all on the order paper. Where was that question of urgent and top priority in the government's immediate legislative

program? Second, we found that the government resisted a discussion of the matter in the house. No provision had been made for discussion. When some hon. members pointed out that this was a matter of grave and urgent concern the government resisted discussing it. Ultimately, under great pressure a period for the discussion of this question was provided.

Third, we discovered that the entire matter of housing had been left for a federal-provincial conference which will be held some time this winter. I know that the provincial elections raise difficulties for housing conferences. Nevertheless, if a matter is of top urgency I maintain that the Prime Minister (Mr. Pearson) ought not to announce that he will meet with the provincial premiers at some future time in the winter to discuss the field of housing. That is not how one handles the No. 1 problem of the country.

Fourth, we heard the announcement two days after parliament reconvened that the interest rate on N.H.A. loans had been raised from 7¼ per cent to 8¼ per cent.

An hon. Member: Shame.

Mrs. MacInnis (Vancouver-Kingsway): Again, such a measure was flying directly in the face of the advice given by the Economic Council. That body had warned over and over again that housing should not be considered a regulator of the economy and that the money tap should not be turned on and off at will. The Economic Council warned that the housing sector ought to be protected in so far as possible from the full effects of monetary policy and should not have to suffer the full effects of any monetary restraints. Actually when action was taken it did not come in the form of restraints. Instead a go-ahead signal was given to banks and other private lending institutions to add an additional full percentage point to their interest rates.

• (4:20 p.m.)

There were monetary restraints, but they were not on the banks and the lending institutions. A tight money policy was firmly clamped on the ordinary people of this country who can no longer afford to buy homes at the present interest rate.

At present, in order to qualify for an N.H.A. loan at 8¼ per cent one has to have a minimum income of $8,000, and in order to carry a maximum $18,000 mortgage for a 25-year term it will cost $140.28 per month, not counting taxes. Thanks to this new government policy only well-to-do people can now afford to buy houses in Canada. It is the only policy the government has announced to date, and it makes it doubly certain that henceforth only well-to-do people can buy homes in this country. Certainly this was not what the ordinary people were anticipating.

In addition to the high interest rate the profit margin is a big factor in housing for people all across Canada. I have here the September bulletin of the Vancouver housing association, published before the new interest rate was announced. It points out that the shortage of mortgage money is not the only problem facing the home buyer. It also points out that a comparison of 6,000 new house sales in metropolitan Toronto during the first six months of 1965 and 1967 respectively showed that prices had risen by 26 per cent to 48 per cent, depending on areas, during the last two years. The average price of new houses sold this year was very close to $30,000. It adds:

> In the Vancouver area the house cost index prepared for the Society of Residential Appraisers rose by less than 3 per cent between 1966 and 1967, but the price of new houses has risen during the same period by something nearer to 20 per cent, owing to the higher profit margins now obtainable.

What has the government done to control those higher profit margins? Has it done anything to show it would be desirable to control them?

I would like now to deal mainly with those income groups which are suffering tremendously because of the government's lack of recognition of the urgency of the situation. Had I the time, Mr. Speaker, I could tell you about many individual cases in my own riding and in other parts of Vancouver, with which I came in contact this summer. I can think of a woman with two children who travelled throughout that city using rental advertisements in the paprs in seeking a home. She had money to pay a good rental for a house but she could not find one where children were allowed. She had a car to travel around in but nowhere to live except in her sister's already too cramped quarters.

I can think of a woman in my own constituency, an amputation case, confined part time to a wheel chair and the rest of the time on crutches. She had to leave her basement suite, and a pitiful place it was, at the end of September. But she had literally no place to go. She went to all the agencies in Vancouver. First she went to the Vancouver housing authority which deals with low rental subsidized housing. Then she went to all

the other various housing associations, including the Vancouver housing association and the registry which was set up for a few days by the mayor's office but which I believe has since been closed.

I am informed that this registry office received some 11 or 12 calls over a period of five or six days offering accommodation, but one of the offers was at a rental of $225 per month. Finally she ended up where she began, with the Vancouver housing authority. There she was told, "We are very sorry. There are 1,700 people waiting for low rent publicly subsidized housing. Some 900 of them are single people like yourself, some of them disabled, but nothing short of death can make a vacancy available. Only death can bring about a vacancy for you or for anyone else in your position."

This is a terrible situation. I do not want to load all the blame upon the minister or the government. These sins go away back. This is a matter of arrears piled on arrears, piled on arrears, and we are sinking deeper and deeper into the quagmire of homelessness in which thousands of people across the country are caught. Something must be done because the problem is urgent.

Earlier this year the Vancouver city council finally took its courage in its hands. In May it produced five projects to provide housing for people with low incomes.

Mr. Nicholson: Does the hon. member not know that it was the Minister of Labour himself, who suggested such action to the city of Vancouver and that at a meeting in Vancouver he pleaded with the Vancouver council to act and said that the federal funds needed were already available?

Mrs. MacInnis (Vancouver-Kingsway): I know the minister is interested in this matter personally. I know he has gone to Vancouver and done his best to get various union organizations, co-operative organizations, societies of various kinds, probably veterans' organizations although these have already been involved, and other groups, to take their surplus funds and put them into housing.

Mr. Nicholson: The question I asked was, does the hon. member not know that I pleaded with the representatives of the city council of Vancouver to show more initiative.

Mrs. MacInnis (Vancouver-Kingsway): Yes, I do know that and I appreciate it. However, this is what happened. In May the Vancouver city council went to the provincial government in Victoria with five projects for housing. In August it took five more projects to Victoria. But since then those project plans have been sitting on the desk of the provincial minister in Victoria, and according to what the provincial government says none of them will be proceeded with until such time as an exhaustive cost probe has been completed by the provincial government.

The Vancouver city council, a creature of the province, having been turned down by its parent, decided to approach Central Mortgage and Housing Corporation. It begged the corporation to help acquire land for these projects. What was the corporation's answer? Undoubtedly it did what it had to do under the rules. It simply said it could not help in negotiations for the purchase of land at the price to which land had risen.

• (4:30 p.m.)

As a result on September 25, the day parliament reopened, the Vancouver city planner recommended to the council that three of the ten projects be abandoned and that five others be postponed. These eight projects would have provided 484 housing units. The two remaining ones, smaller in size and designed for elderly people, should be proceeded with, according to the city officials. So out of the ten housing projects which the minister urged them to go ahead with, three are to be abandoned, five postponed and only two small ones proceeded with on the recommendation of the city planner. The reason given for this was the high cost of sites which was four times higher than previously and the fact that Victoria could not or would not approve these shared cost projects until their own cost probe was finished. C.M.H.C. in the past had refused to authorize negotiations to buy these sites. The city council met and instead of deciding to adopt the planners' report said they would take two weeks and explore the possibility of getting C.M.H.C. to give them some help. I do not know what will transpire in the period of those two weeks but I imagine that C.M.H.C., with its present instructions and policy, cannot do anything more than has been done in the past.

The problem of land assembly and land cost must be dealt with. I know that it comes under provincial jurisdiction so I do not need to be told this. But here we have a situation in respect of which the city does not have the resources to act. The provincial government apparently will not act at the present time and the federal government takes the attitude

that because this is the way things have been done for years it is up to the municipalities to initiate housing developments and projects in this country.

Mr. Stewart: May I ask the hon. lady if this speech should not have been given in Victoria, British Columbia, rather than in the national capital?

Mrs. MacInnis (Vancouver-Kingsway): No, and I will give the reason in a moment. Under today's conditions I do not believe we can leave it to the municipalities to initiate housing. They do not have the resources to do so. We are very familiar with the difficulties and unevenness in the provincial situations in this country. I believe that if housing is the overriding national issue and concern—the Economic Council says it is and a lot of us believe it is—then it is a matter of urgent public concern for which the federal government will have to assume the initiative at the present time. I believe that until the federal government does so we will not have any action. I know that the federal government takes the position that it is ready to give help when the provincial governments are ready to move, but I do not think that is good enough. If this is an emergency issue I think Ottawa will have to draft a workable over-all plan in respect of all kinds of housing —public, private, separate domiciles, row housing, garden apartments, high rise, and low rental subsidized housing. When it has worked out the details of such a plan I believe the federal government will then have to send someone across the country to sell this idea in a big way to the people of this country.

I know about the seminars the minister has held throughout the country. I know that within the limit of these he has been doing the best he can. That, however, is not what I mean. I mean that the government of this country will have to devote to the question of housing the same attention and concern that it devoted to the war when the war came along.

Some hon. Members: Oh, oh.

Mrs. MacInnis (Vancouver-Kingsway): All right; you may put the war in a holy category if you like but I do not. Although there had been a depression and there was no money available for anything, when war broke out we cut the red tape. I know that. I know that if this government took the attitude that housing was a big enough problem to be a matter of national concern it could go to the provinces with a sensible, sound program which would lay out what the federal government, the provincial governments and the municipalities could do.

While speaking of municipalities I might point out that places like Vancouver, Toronto, and I hope Montreal, are big enough that they should be dealt with as regions or regional authorities which do not have to have every jot and tittle signed by the authorities at Victoria, Queen's Park or Quebec. This may not sit well with some people but it sits well with people who do not have housing. These are the people whom we should be considering. We send the Minister of Trade and Commerce (Mr. Winters) all over the world to drum up trade because we consider trade to be important. The government devotes money and time to matters of international trade for Canada. We have here a problem which goes to the very root of our Canadian life and yet we do not take it seriously.

Certainly the constitutional issue is important, but why should not constitutional policy at the different levels of government see that the money and the tasks are in the same place so that if the money is to remain in Ottawa the big jobs will be handled by Ottawa, and so on down the line? If some provinces are able and willing to handle some of the big jobs then the big money should be there within their jurisdiction. We will not achieve this by sitting here in Ottawa and saying that they must come here and see us about it.

The problem of housing is the war on poverty. The Privy Council issued a pamphlet before the summer which advises us of the priorities that Canadians have. These are partly because we have not had our sights raised for us by government policy and example. We are told that in an average year Canadians spend $500 million on travel abroad, $1 billion on alcohol, $400 million at the racetracks, $200 million on candy and $30 million on dog and cat food. What we spend on public housing is less than what we spend on dog and cat food.

I am not blaming the minister, but I am saying that the present housing policy is completely ineffective. It is just like holding out a straw to a drowning man. If you say to me, "Well, where is your detailed housing policy", I say to you it is up there in the gallery and in the offices around Ottawa. It is not the ability to set up a housing policy which is lacking at this time, nor is there a lack of

brains to do it. We have the ability and the brains in offices throughout Ottawa and in the provinces and cities of this country. It is the will to build homes for the people which is lacking.

Before you say that it will cost too much, let me remind you that the lives of thousands of Canadians across this country have been blighted because of the failure to build decent modern houses. If we take one of the most depressed groups, the Indian people, they have never had a chance because of the hovels and the misery in which they live. They live in hovels in which self-respecting people would not want to keep their animals. Many of them are living in conditions of that kind.

I could take you through areas in my riding where, although we have one fairly decent low-cost subsidized housing project, there are no facilities whatsoever, or at least there were none prior to this summer, for recreation or programs of development of any kind for the people who live there. After a great deal of hard work the Vancouver housing authority finally got the money to put up a fence around two tot lots in order to keep the pre-school children from being injured by traffic on the adjacent streets. Some people did not like the particular locations of these tot lots and felt they could find available land in better areas. One of the Vancouver housing authority officials suggested to me that this was probably right but said, "For goodness sake, don't mention it to Ottawa because we would be required to instal new toilets at such locations and it would take at least two years of negotiation with Ottawa before we could obtain the money for the new toilets." I just mention that as an example of the fact that we are not dealing with these things as we should.

• (4:40 p.m.)

We are supposed to be engaged in a war on poverty and one might ask where we might obtain the money to do the things required. Let me remind hon. members that almost all of the corporation tax revenue received by the federal government is being spent in two areas of federal responsibility, defence and borrowing. It is my feeling that we could cut down a great deal on our defence expenditure, although I realize not everyone will agree with me in this regard. Nevertheless, it is a fact that the federal government is spending about 40 per cent of its total revenue for defence and interest on borrowing.

Surely it is more important for the country to have a sound and satisfied population than to spend a great deal of money on military hardware for defence. We should first consider provision of modern and comfortable homes. I am sure that by doing so we would be spending our money more effectively than by spending it on defence. In this nuclear age it is far more important to have a sound, healthy and happy population than a huge defence system.

Those are the comments I wanted to make this afternoon, and if I have not made them in a satisfactory manner it is because I have not got the capacity to do better. I feel very strongly that I have voiced the opinion of the people in my riding and the whole Vancouver area, particularly so far as urgency is concerned. Hundreds of people in my area will never have the opportunity of becoming home owners because there is no earthly way they can get a down payment. They do not want low rental public housing, although there are thousands of people who require this type of accommodation. I urge the government to consider seriously its new role as we enter the second century of confederation. If we want to keep Canada as one nation we will have to provide a high standard of living, adequate housing and training, and opportunities for all. This government has not yet been prepared to provide leadership in this regard. I am sure the people will continue to demand these things until their needs are satisfied.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I am pleased to speak on this motion that the house go into committee of supply—I was going to say to make some criticism—to make what I would call mainly remarks. We certainly do not have to prove to the minister the housing needs in Canada; he is as convinced as we are about that. We do not have to convince him further. However, we are more inclined to pity him instead of criticizing him severely. We pity this team caught in a strait jacket because of our fiscal system which imposes its will on Canada as a whole and makes puppets out of our ministers.

Each time I study some characteristics of our fiscal system, I feel the presence of a hidden power that it is impossible for us to determine for the very good reason that it hides behind legislation. That despicable power often forces the government to do things it would rather not to do and not to do things that it would very much like to do.

This afternoon, Mr. Speaker, I would like to speak not only to the minister but to the

people of Canada to draw their attention to the matters which interest us, namely housing and the fiscal system in general. I would like to give the results of a little study of the hidden side of our fiscal system.

This afternoon, I should like to find out through an X-ray or an electronic detecting machine the real thinking of those responsible for this system which is imposed on the entire population. Sincerely, Mr. Speaker, after more than five years in this house and after two and a half months of adjournment which I spent travelling throughout my constituency to question various groups, individuals, representatives of private industry, to know the effects among the people of the legislation we vote here, I am definitely disappointed.

• (4:50 p.m.)

The conclusion I have drawn from all these visits and discussions is that fiscal legislation is strictly a smoke screen to hide the true purpose of the government, which is to tax the individual, when such legislation is not simply a web of inequities. That is pretty well the conclusion I have reached after working in my constituency during the holidays.

It is always interesting for a worker to observe the result of one, two, three, four or five years' work and frankly, Mr. Speaker I was somewhat depressed when I realized the uneasiness which is rampant in my area. I can understand this uneasiness all the more since I have lived through it and discussed it with these people, since I belong to the people and I have also suffered the effects of certain legislation for which, this time, I cannot directly blame the government or the administrators.

However, as I said at the beginning, we can feel a power beyond the governments, a financial power which enforces its will upon the country and prevents the government from getting the money where it is. Every day, we find some means to fleece the people a little bit more, squeezing a few cents more and forgetting the mighty who live off the blood of our people. Well, I want these words to reach the people, to awaken them and incite them to free our leaders. If they lack the courage to free themselves, let them give up their seat so that others, capable of facing reality, may take their place.

Mr. Speaker, we have considerable evidence of the inequity of the present system. In fact, I have selected two or three instances and I shall start with the Central Mortgage and Housing Corporation, one of our good crown corporations, which is supposed to help large Canadian families to secure low cost housing.

While all Canadians were waiting for our legislation to become owners, how did we answer them to help them achieve their purpose? We are raising the rate of interest to 8¼ per cent, and then we have the nerve to say that it is intended to provide low cost housing. After having taxed building materials at 11 per cent, not to mention those 20, 30, or even 100 hidden taxes on these materials, we are now increasing the interest rate to such an extent that I, today, can go to any financier, to get a loan at 8 per cent. And the Central Mortgage and Housing Corporation, which claims to help small home-owners, provides loans at 8¼ per cent. Why are we imposing this torture upon people. Why do we force the head of a family to pay for his little house, once to finance, and once to the contractor? Why?

Mr. Mongrain: It is three times.

Mr. Gauthier: I will say three times: once as taxes, once as interest and once to the builder. That is how you divide the monthly payments on property. But why? Is there anyone in the department who is serious enough to answer that question? Why do taxes and finance cost twice as much as building materials? It is utterly ridiculous!

Moreover, the average C.M.H.C. loan is $9,000, whereas the smallest houses—I made inquiries this summer—cost $14,000, $15,000, $16,000, $18,000 and $20,000. But do you think that a prospective owner can finance the construction of a $20,000 house with a $9,000 C.M.H.C. loan? It is impossible. How sensible is the C.M.H.C. Act?

Some members of this house travel around the country saying: Look at what we have done. Then at the end of the year, the government will put on our statute books all the legislation it has passed. When one takes the trouble to study those measures, one soon realizes that most are only smoke screens designed to cover up the actual truth. And the C.M.H.C. Act is one of those. Heads of families are led to believe that they can readily obtain the money needed to build a small house.

If only that head of a family was not forced to go through a contractor to get a loan from Central Mortgage and Housing

Corporation. That is another trick. The contractor will make a profit of 30 or 35 per cent, while the owner could get a loan to buy the necessary materials to build his house. No, he must accept the plans and specifications of Central Mortgage and Housing Corporation, go through a contractor and pay again that small financier after all the other sorts of finances.

Mr. Speaker, this legislation is only a smoke screen. Not even 10 per cent of the low-income people could qualify under the provisions of that legislation. I do not remember which hon. member said a few days ago that a man, the head of a family who earns $5,000 or $6,000 cannot even think of building himself a house, because he does not earn enough to take advantage of that legislation. And I believe this.

But does the head of a family have to struggle over the payment of a house when the main concern of the government is to pass legislation to protect and assist the people, to lay down conditions so that the head of a family may be able to become a home-owner?

I say, at this point, that the government is certainly not doing what it should, not because it does not want to, but because it is prevented from doing so by this financial power. What I say today—and I am not afraid to say it—is that where financial matters are concerned, it is not the government that is leading. It is quite another system, and our governments are the victims thereof. There are men of good will among the ministers, but they are bound, hand and foot, and lack the possibility of enabling our Canadian families to get a home.

Let us consider once more the Central Mortgage and Housing Corporation Act. I told you that I had spent the summer touring my constituency. In fact, I did more than that, for I came every week to Ottawa, endeavouring to solve such problems as were submitted to my attention. I also went to Quebec; in short, I travelled everywhere, trying to find out what was wrong.

Let me tell you about an experience I have had with Central Mortgage and Housing Corporation, which experience floored me. C.M.H.C. now grants loans for the construction of old folks' homes. There again—I will prove to you that it is nothing but a smoke screen—they do not go about it directly but in a round about way.

Out of 11 applications in our area in the last two or three years, only one home was

built. Only one, and even at that, those who were granted the authorization to build it had to fight to the last. One! Yet we pay people, bureaucrats to attend to the needs of the people. The second permit was held up—was blocked, in common language—for two years. The people responsible for organizing the benevolent association had gone from door to door and collected $17,000 to build that home. Then, for two years, those $17,000 were frozen there, all plans held up, and things got to the point where it was decided not to build.

Well, when the people decided to come and see me, I told them: "Friends, let us take the bull by the horns." I went to Ottawa to see what had been done. I went to the office in Hull, to see what was going on in the province of Quebec. I also looked into what was being done in Ontario. I went to Quebec because we are dealing with a joint plan. Talk about joint plans: the federal government says: See Quebec about it. Quebec says: See the federal government. I therefore went to all concerned.

And do you know what I found out? That the federal office in Chicoutimi was holding up the works. I can give you the name of the manager of that office if you want it. I even told him: "Your name has never been given out in the house; be careful that it is not."

• (5:00 p.m.)

They twice invited tenders; the first time, there were four tenderers, the second time, five. But the tenders were too high. I asked the officials if they had some kind of norms to determine whether a tender was too high or too low. I discovered that the norms in general—I was unable to obtain the specifications and will tell you why later—were $5,000 per bed in Quebec and $7,000 in Ontario.

The Quebec norm was established at $5,000, probably because the cost of living is higher in Ontario—I do not know—and in that province, they are entitled to build nicer houses than in Quebec. The norm was $7,000 per bed in Ontario and $5,000 in Quebec.

But our people in Chicoutimi had the lowest tender at $4,200 per bed, and it was still too much. I asked the office manager: Why do you refuse? He answered: Because our estimator thinks it is too much. The estimator no longer takes into account a norm of $5,000, $4,000 or $7,000 per bed; he is an estimator. I asked the office manager: Who is your estimator? And he told me: a student. A student

estimator, Mr. Speaker. That is a qualified estimator, imagine, a student!

Well, I asked him: Did you send your papers to Ottawa? He answered: No, no! He was causing these people to believe that the papers had been in Ottawa for two years, when here, at the headquarters, there was nothing. I told him: Tomorrow, immediately, send the papers to Ottawa and we will then see. As for me, I shall go back to Ottawa. After a week of discussions, the work resumed. The headquarters here in Ottawa accepted and the construction started a fortnight ago. I asked that chief: I do not know what are the orders, but let me have the rules that govern you, you bureaucrats, in that matter. He told me: We are forbidden from giving them to you. To me, a member of parliament, he said: We are forbidden from giving them to you. Then I told him: Listen, the legislation governing the building of homes for the aged is perfect. I studied it. But even if the act is perfect, is there some unknown body whose regulations can prevent the good administration of the act, cancel the good effects of the act. That is what I wanted to know. But I could not see their regulations and even less the standards which help them determine if they should grant a loan of $5,000, $7,000 or $4,000. I wrote to the department to get that information because I thought that I would find out through the minister. There are still secret regulations unknown to the elected representatives of the people but at the disposal of the bureaucrats. Bureaucrats. And I like to say it openly because I do not know why I was refused that information.

[*English*]

Mr. Nicholson: May I rise on a point of order? I may have misunderstood the hon. member, but I understood him to say he had applied to me for information. I have no recollection of any such request and if the hon. member made such a request I would like to know what it was and when he made it.

[*Translation*]

Mr. Gauthier: No, I will say to the minister that he misunderstood me. I am not at all referring to the department, I am only speaking of the Chicoutimi office where bureaucrats told me that they have some regulations for the administration of the act in the various districts. I would have liked to obtain those regulations but I was told that they were unable to provide them. I wish to know the truth about that matter.

[*English*]

Mr. Nicholson: On the same point of order, Mr. Speaker, I would like to know if the hon. member, who has ready access to the minister, has ever asked the minister for any information along these lines on any single occasion.

[*Translation*]

Mr. Gauthier: Mr. Speaker, I thank the minister most sincerely, and as a matter of fact, I left my friend in Chicoutimi with these words: If I am unable to obtain from your office, I am sure that the minister will make them available to me. And I am still waiting for that information in order to complete my investigation and find out exactly what went wrong. We finally reached the construction stage, after a delay of two years and a half, not because of the head office here in Ottawa or of the Quebec office, but because of a small local office. A great many things are going to happen, because there are still ten applications from my area and others will keep coming in.

Homes for older persons are urgently needed in my district and I feel that in the future there should not be a two years' delay after an application has been received to have it approved. This is a proof, as I said earlier, that certain means are resorted to in order to thwart the object of the legislation for the construction of homes for older citizens and which is in fact almost perfect. Another piece of legislation which is a smoke screen is the one providing for a $30 monthly increase for old age pensioners.

All the newspapers announced that the old people would receive $30. That is another new piece of legislation, as reported in the newspapers, but what is it, really? Everybody will have to pay more taxes for the benefit of 24 or 25 per cent of the population, although we were told that all senior citizens would benefit from this allowance. I know old people who receive $1, $2 or $3 per month; you go and talk to them and you will see that they are aware of the effects of the act. And all this was anticipated, as I have said when the bill was passed; however, it was passed just to add one more act to the statutes.

And it was the same with the Canada Pension Plan, the very same thing: always to get more, levy another tax, and fleece the sheep a little closer!

Discussion on Housing

• (5:10 p.m.)

For instance, take the case of a young man, aged 18; at first, he will pay $156 per year into the pension plan at age 18, and at age 65, if you add it up,—I did it during the holidays,—if, for 45 years, he pays $156 per year at a yearly interest rate of 6%, which is loaned at 6% yearly, after 45 years, his total contribution will be $35,000, and for what? A monthly pension of $104! Not even the total interest on the $35,000 that he would now be able to draw.

It is the man who lives to the age of 65 who will benefit. Again, this is not an act to provide security, but to tax the individual's security, to fleece him afterwards. If at least, the same efforts were made to find ways of getting money out of the pockets of rich people who exploit the country night and day, who pay $1 for what is worth $1,000, in brief, if our leaders racked their brains as much to find out or ferret out the hideouts where banks, for instance, stash away their secret loot, or to tax large corporations who exploit our resources for which they paid nothing. For instance, in the province of Quebec, iron ore is given away at half a cent per ton and bought at $300. But there, governments remain silent as the grave, they do not dare say a word and that is where we see the secret power—and the stronger the power the more silent it is—which imposes its will upon our leaders.

It is not because Liberals are here today; leaders have always been the same. We were the victims of financial powers, and still are today. We still have men in the government; I have said so in the beginning. I do not wish to criticize men, for they are the victims and I pity them. As a matter of fact, they are the victims of this infernal system which reduces our people to slavery. They are victims, and that is why I am making a speech today; it is for the population as well as for parliament, for I am trying to shatter this power which extends from one ocean to the other.

I also said that our laws, apart from being a smokescreen, are a web of injustice. And to name only one, I will simply mention the Income Tax Act.

In a few days, I will have the opportunity of presenting a notice of motion on that very subject. I simply wish to speak about income tax, particularly as it affects the worker and as opposed to the exemptions from which companies, trusts and banks still benefit. The worker pays taxes on his gross salary, even though he has four, five, six and seven children to feed. The income tax is deducted right off, without his permission being asked. His daily bread is taken away, while trusts and large companies benefit from generous deductions.

For several years now, for example, we have asked for a reduction in the income tax paid by lumbermen. Nowadays they need a power saw and safety equipment, and they have to travel. The government has been asked to allow these workers to deduct from their income tax the price of their power saws and all their working equipment, as well as the maintenance costs which often reach $500, $600 or even $700.

Domtar enjoys tax exemptions for maintenance and every imaginable and possible depreciation on stationary machinery. A $400 or $500 tax deduction is asked for the head of a family who goes to break his back in the bush, a deduction of $500, $600 or $700 to buy his tools and pay his travelling expenses: No, it is impossible.

It is unfair. When a self-employed individual files his tax return at the end of the year, he will make every deduction he can and hide everything he can. That is all right, but the worker will be fleeced every week without the right to complain. If he does not submit, he will be thrown in jail. Do you not see the inequity of this legislation?

We had to put up with quite a lot; no wonder the people are dissatisfied. Do not play the hypocrites. You know it as well as I do.

The people are dissatisfied because their representatives are not acting in their best interests and fail to perform their duty as members of the House of Commons, that is, to protect society.

I wish that those words be mulled over not only by the people, but by all members. I ask them to examine their conscience in an attempt to come down to earth and to put the general interest before private interest.

This is what I was told by a great parliamentarian upon my arrival in parliament. It struck me and it is true. Here, we must first and foremost, in every area, whether a labour question or something else, make sure that the general interest comes first.

Well, I say that, particularly in the financial field, the general interest, the welfare of the people must come before the interest of any individual whether it is a trust, a bank, a chartered bank, or whatever it is. It is our

duty to defend the welfare of the people against these hidden powers.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my remarks on the very important subject being debated this afternoon will be brief and, I trust, to the point.

The announcement of the minister last Wednesday to the effect that the maximum interest rate chargeable on home ownership mortgages and rental housing loans will be raised to 8¼ per cent came, I believe, as a further shock both to the building industry and to the average Canadian who is looking forward to building and owning a home. I cannot help but sympathize with the minister because I know he faces a very difficult problem. Nevertheless, somewhere among the responsibilities of the minister and his department there must lie an answer different from that which is being provided at the present time.

The suggestion that raising the interest rates at the present time to this level will encourage private investors to invest in the homebuilding industry is a plausible hope. However, this kind of incentive to those who are interested and of necessity concerned with the building and acquisition of homes is one that will have to be paid for, and I feel there should be a different answer to this very critical problem.

• (5:20 p.m.)

A little while ago I picked up a chart illustrating the cost of interest on mortgages for homes and I was appalled to discover just how much the home owner is required to pay even at past rates of interest, not to mention present rates. Even at 7 per cent, Mr. Speaker, a $12,000 mortgage, which we will say is the average mortgage for the average home, will in 20 years cost the home owner more that $10,000 by way of interest, or a total of $22,000. In 30 years the interest charge alone is more than $16,000, or a total of $28,500. But when one takes the present rate of 8¼ per cent one finds that in 20 years a $12,000 mortgage will cost $13,000 more than the cost of the home itself, or a total in excess of $25,000. In 30 years the cost of the $12,000 mortgage at 8¼ per cent, will exceed the cost of the home by $18,000 or a total cost of more than $30,000. Thus the cost of the $12,000 mortgage comes to 2½ times the purchase price. If one takes a $15,000 mortgage at 8¼ per cent, the cost will be in excess of $45,000 in 35 years, three times the original cost of the home. This shows the terrible and iniquitous aspect of our present housing policy. I believe it is imperative for this country to find a completely new approach to the financing of home construction.

The minister said that the cause of the problem has been in large measure the rush to urbanization in Canada. That may have something to do with it. Yet people need homes no matter where they live, whether in the rural areas or in the cities or towns of Canada. Furthermore, the present trend has been foreseen for a number of years. It is not new. This phenomenon is taking place across the world. Unfortunately, the Canadian approach to providing capital for home construction is far behind the approach adopted by many other countries of the world.

As I say, this is not a new problem and we cannot entirely blame the minister for not having a policy at this time or for bringing about the situation we are debating this afternoon. The problem goes back at least four or five years. In turning back to an old copy of *Hansard* of 1954 I was interested to see that in a debate on the Bank Act my predecessor in this party, Mr. Solon Low, drew attention clearly to the problem of financing home construction in this country. That is long ago, 13 years. Unfortunately, successive governments have not developed a policy that is adequate to meet this problem.

I have recently returned from a strategy and policy conference in Taiwan. It was called through the initiative of the peoples of the free Asian nations. Its purpose was to study the problems posed by the threat of communism in many parts of the world and to see what strategy or policy should be adopted to prove to the peoples of the world that the answer to their needs for shelter, food and the basics of life can be met better by the free way of life that we enjoy in Canada than by the socialism or communism which is so prevalent in the world today.

One aspect of the conference impressed me. I saw that one of the surer safeguards against communism exists where people have the privilege of owning their homes. It is evident that where people own their own homes, where home ownership is a basic ingredient of life, the people have no interest in communism or other forms of revolutionary activity. I am concerned that in Canada, with our basic way of life and with our strong economy which has such great potential, we cannot find an adequate answer to the problem of providing homes for our people.

Discussion on Housing

It is conservatively estimated that we shall need about a million new homes in Canada in the next seven years. With costs of construction and materials increasing year by year, this means an investment within the next seven years of between $12 billion to $15 billion to provide our people with adequate and proper shelter. How are we to meet this goal? Certainly not by increasing interest rates. These rates have risen from 5 per cent to 8¼ per cent in the last few years. The government is specifically responsible for this problem and it must find the solution to it. A way must be found to finance home construction in Canada. I submit that the government would be well advised to seek a new approach to the housing question.

Housing is so important for the welfare of our people that the needs of the housing industry for money should not be met on the open market where high interest rates are charged. Housing capital cannot be placed in the same category as investment capital which will provide a return when the investment develops. The sooner we realize that housing capital falls into a category different from investment and resource capital, the sooner we shall find a new approach to the problem. The money required for housing ought to be given special consideration so far as interest rates are concerned. I therefore suggest to the minister that he would be well advised to set up a national housing fund. It should be a revolving fund, with the money that is paid back on home mortgages being lent again to provide more capital for more new houses.

Mr. Nicholson: Mr. Speaker, would the hon. member permit a question? Does he not know that that is what happens now, that all the money that comes back on housing loans goes right into new housing in addition to the hundreds of millions of dollars more provided each year by government and parliamentary action?

Mr. Thompson: Yes, I am aware of that, but the minister refers to something that is slightly different from my suggestion. The operation of the present policy is not adequate. Initially this revolving fund ought to have not less than $5 billion. Some of that money will return as mortgages are paid and will be returned in new loans. If it is found after a period of years, that this fund is not sufficient, then possibly $500 million a year through private investment might be put into this field. The revolving aspect of the fund would grow year by year, keeping pace with the need for new housing.

[Mr. Thompson.]

• (5:30 p.m.)

Certain government moneys or certain areas of government income ought to be used to provide money for this fund. It seems to me that resource development income is a legitimate type of income which, so far as government is concerned, could well be transferred to another type of resource investment. Certainly there is no more important kind of resource investment than housing. But beyond this it seems to me that money must be provided for housing investment at low interest. It would not be unreasonable if the government in setting up the kind of fund I am talking about would consider an interest rate of 2 per cent or 3 per cent per year.

As the policy of the government builds up year by year a greater obligation in foreign investment we are giving soft loans to foreign countries over long periods, up to 50 years, and charging no interest at all. In some areas this soft loan investment or aid to foreign countries is merely carrying a service charge of approximately half of one per cent. If this is necessary to aid developing countries in other parts of the world I am not against the policy. It is a legitimate type of aid. But how much more necessary it is to have a similar policy in Canada to meet an urgent need. We need an urgent aid program ourselves because if we do not do anything we shall blunder along as we are at present, with the housing backlog year by year becoming greater than it was the previous year.

I am not making an unreasonable suggestion. A previous speaker pointed out that if a war broke out in which Canada found itself necessarily involved there would be no question but that we would have to get the money to finance the war. To compare a war situation with a housing situation may seem farfetched, but the crisis and the need are just the same so far as our economy and the welfare of the Canadian people are concerned.

In this connection my mind goes back to world war II. I believe it was in 1943 that the then minister of finance, Mr. Ilsley, announced a large loan to finance the war effort. Nobody in the House of Commons raised any objection because the urgency and the need for the money were evident. Nevertheless a question was asked of Mr. Ilsley as to how much he was paying as interest on the money. The answer was three-quarters of 1 per cent. He was then asked how it was, when the average interest rate was 4 per cent or 5 per cent, that he could get money at

three quarters of 1 per cent. His reply was: "That is what it cost. In view of the war effort and the crisis we are in, why should we pay more than it cost?"

If we could finance the war effort with money at that rate, then it seems to me that money to meet the housing crisis in Canada should be available at less than 8¼ per cent. It seems to me it would be a good policy if the Bank of Canada were used to provide the part of this fund, say half a billion dollars a year, that is not available from some special source of income such as I referred to previously. If this were done a $12,000 home would not cost $25,000 at the end of a 20-year purchase period. The cost would be cut from $25,000 to $15,000 or $16,000.

My point in bringing this up this afternoon is simply to emphasize the fact that it is not good enough to go along in the manner in which we have been proceeding during the past few years. Each year the backlog becomes greater. Each year the need becomes more imperative and yet each year the only alternative seems to be to raise interest rates and thus put the increasing cost of acquiring homes on the shoulders of the people who can least afford it.

I strongly urge the minister that in his consultations with his cabinet colleagues he see to it that the government comes up with a different approach to the question of financing home construction. As long as this is not done it seems to me it will be impossible for anyone on this side of the house to express confidence in the government on this kind of issue, simply because the facts are so clearly before us.

That is the gist of what I wanted to say, Mr. Speaker. In summary, what we are being offered today as a solution to the housing problem is inadequate, and the problem will continue to grow, as it has for the last number of years, until it reaches a point where it will become impossible to solve. I suggest that a new approach be taken. I suggest that we stop fiddling around with policies that over and over again have proven to be unable to meet the need.

We should use our own resources to provide the homes that we need. We have the building materials. We have the cement and the gravel to provide the foundations for basements. We have building materials in ample abundance to build not one million homes in the next ten years but two million homes if necessary. We have the tools, the manpower and the know-how. Why can we not do it? It is because we are tied to an antiquated financial policy totally inadequate to fulfil our potential. Surely there ought to be something better. I realize it is a difficult problem for the minister but I hope he will take the lead in providing an alternative policy to what he is now suggesting.

Mr. H. E. Gray (Essex West): Mr. Speaker, in debating the amendment before us we are dealing with something fundamental for all Canadians, the need for shelter and decent housing. As the director of the special project on low income housing for the Canadian Welfare Council put it in a recent speech, "House and home stand at the centre of people's lives."

Listening to the remarks of the spokesman for the official opposition and to those of other members who have participated in the debate, one would have thought it would have been better if more time had been devoted to analysing our present situation with respect to what could be done about the availability and the cost of housing, as well as our ability to provide the funds, both from government and from the private sector, in order to do as much as is necessary to make sure our people have available to them decent housing at a cost they can afford. However, listening in particular to the remarks of the spokesman for the official opposition it seemed to me he attempted to dwell more on the past, and his analysis was based more on trying to attribute blame and find reasons for failure with respect to the present situation.

Because of the approach adopted by the mover of the amendment it is at least in part necessary for us to look back over the same period of time, and when we do that we must carry out a somewhat similar analysis. But first of all I would like to draw to the attention of the house the inconsistency and contradiction which lie behind the presentation of the amendment, an inconsistency and a contradiction so great that the seemingly attractive wording of the amendment do not make up for them, with the result that it seems to me that reasonable and fairminded people in this house, no matter what their concern about the housing situation may be, could not possibly support the amendment.

• (5:40 p.m.)

According to the spokesman for the official opposition the government has aggravated —that is the exact word that was used—the present situation by its spending. In other

words, the spokesman for the official opposition in effect is saying that the government has aggravated the situation by spending money on youth allowances, student loans, payments to the dairy industry and increased old age pensions for our senior citizens. He is saying we have aggravated the situation by spending more money on incentives to help areas of slow growth and industrial recession. In effect the official opposition is saying that we have aggravated the situation by tripling the amount—$900 million has been spent in 1967—spent on housing by this government over that spent by the official opposition when it was in office. That is the reason that today they are in the position where they belong, in the opposition.

The official opposition is now saying that we should eliminate or cut back the programs we have put into effect. These are programs which we presented to this parliament. In the main they were supported by the official opposition. On a number of occasions they even called upon us to accelerate the timing of these measures. Are they in effect saying that we should cut out the youth allowances, the studen loans, the incentives to industry and slow growth areas? Are they saying we should eliminate the guaranteed income supplement for older Canadians? This would appear to be a not unreasonable analysis of what the spokesman for the official opposition had to say in putting forward his amendment this afternoon.

Mr. Bell (Carleton): The usual nonsense.

Mr. Gray: Are they saying we should not have trebled the spending on housing since the present government took office in 1963? This also seemed to be implicit in the argument put forward in respect of the amendment which is before us.

The spokesman for the official opposition has spoken critically of the borrowing and the deficits of this government. A large proportion of the borrowing has been necessary in part to raise money for housing. Had this money not been spent there would be a much worse situation in respect of housing than there is today. I might add that these comments about deficits came from a very good source, because no other group in this house has a greater knowledge of deficits and how to create them than the official opposition. The difference between the deficits of their day and what we may have now is that their deficits did not come about through a program to increase the growth of the country, to increase jobs or housing starts in this country. They came about through mismanagement. This is something which was recognized at the polls by the voters of this country.

Mr. Keays: Get down to facts and stop talking about the past.

Mr. Gray: If members of this house and the public wish to pursue the same type of analysis made the hon. member for Esquimalt-Saanich (Mr. Chatterton) and develop it, they will come to the conclusion that at least in part with respect to our present housing situation one cannot overlook as a cause the neglect, lack of concern and lack of priorities on the part of the official opposition when it had the opportunity as the government of this country to deal with this problem.

It seems to me that a prime reason for the efforts we have been making and must continue to make is that we have to deal with a problem which accumulated when the need for housing of all types was not dealt with by the previous government in any way which could be termed even slightly effective. The building which should have been carried out, the planning which should have been undertaken and the projects which should have been under way between 1957 and 1962 were not carried out. Certainly it is obvious, at least in my opinion, that the present government has to deal not only with the matter of our growing economy and growing population at the present time but also has to make up for what was not done between 1957 and 1962.

Let me attempt to buttress this point by citing some examples. Did the previous government pass legislation to make possible federal loans covering 90 per cent of the cost of public housing for families and senior citizens? Did it make possible National Housing Act loans for older homes? Did it increase to the present level of $18,000 the maximum amount available through N.H.A. mortgage loans? Did it increase by billions of dollars the total amount available through C.M.H.C. for housing and urban renewal programs? Did it take the initiative which led to the creation of the provincial housing corporations in most of the provinces and which over the past few years has enabled the provinces to take care of their constitutional responsibilities in this field more adequately? The answer is obvious. The previous government did none of these things. These things came into effect only after the present government took office.

Let me cite an example in my area of Windsor. The people in this area know very well the situation with which they had to contend before the present government took office in 1963. The present government certainly did make efforts in this regard which were very successful in helping to overcome the unemployment and lack of growth that prevailed during the years of office of the previous government. I am informed that since September of 1965 695 public housing units for families and senior citizens have been or are almost completed. In the years between 1957 and 1962 only one project of some 137 units was planned and built. If I am not mistaken, almost half of the public housing units in the city of Windsor today came about through the initiative and legislation in the matter of housing of the present government.

There has been a lot of talk about housing starts and certainly there is justifiable concern about the level of starts this year and what may happen in the coming year. I was informed this afternoon that while housing starts in the Windsor area from January to August, 1966 totalled 761 the number of starts in the same period this year totalled 928. I am not suggesting there is not still a lot more to be done both in the Windsor area and across the country to help provide adequate and decent housing at reasonable cost for the people of this country, but I certainly think it is wrong to urge, as the spokesman for the opposition did in presenting his amendment to us, that it should be adopted and, in other words, the government defeated.

I am one of those, Mr. Speaker, who call for increased federal initiative and activity in the housing area, but at the same time I cannot ignore the fact, under our existing constitutional arrangements, of provincial responsibility and jurisdiction. While calling for greater federal concern and initiative, I think it is also very important at this time to call for greater provincial concern and responsibility when it comes to operating in this vital area of national policy.

• (5:50 p.m.)

Let me cite some examples. In June of 1966 the Ontario Housing Corporation carried out a survey in the Windsor area in respect of housing needs. One of the recommendations which resulted from this survey was that in each of the years 1966 and 1967 a total of 350 units of public housing—300 family units and 50 senior citizen units—would be sufficient for the community's need. There have been hundreds of applications filed with the housing authority, the city of Windsor building corporation, which is in large part responsible for senior citizen housing. The remarks in Windsor city council and by many others would certainly indicate that at the present time there is room in Windsor for a substantially greater effort in the public housing field, and certainly that is my view. However, at the same time, under our existing structure this is still a matter for initiative by the provincial government. I might say, and I will enlarge upon this later in my remarks, that in spite of the provincial constitutional position there is room at the present time for greater federal initiative. The point I am trying to make is that even taking these facts into account, under the existing laws and the existing financial arrangements in the province of Ontario and across this country, provincial governments at this time could be doing a lot more than they are doing to help alleviate the present housing situation.

Let me mention another matter which perhaps has a more local application. There is a public housing project being constructed at this time in the Bloomfield road area of Windsor. At one point, although a number of these units had been completed permission was not granted by the Ontario Housing Corporation for occupation by families that had been assigned to them. The explanation given was that even though the units themselves had been completed the landscaping had not been finished and the sidewalks were not laid. I wonder about a provincial government which, even though it may have had the best of motivations, seems to put greater importance on landscaping, lawns and sidewalks than the basic need for shelter.

Let me refer to another point which seems to me to deserve much greater importance than it receives at this time. There is a lot more room for effort by provincial governments to take advantage of existing legislation in order to carry out greater and more numerous projects of land assembly. One of the problems referred to in the debate today and last week is that relating to the cost of land. Certainly there is room for greater activity in the federal-provincial land assembly area. This means at this time greater activity by provincial governments which would have some positive effect on the availability of land at a reasonable cost. If properly serviced land is not available in this way, this undoubtedly is a factor which creates a serious effect on the cost of housing.

Mr. Grafftey: Just another lecture to the provinces. You are hiding behind the constitution again.

Mr. Gray: I do not suggest that the present distribution of powers in respect of responsibility as to some matters of social welfare is a distribution which brings about the most effective solution to these problems under twentieth century conditions, but the constitution as interpreted by the courts exists and it is simply not fair to the public to say—I am trying to use moderate language—that this constitutional division of responsibility between provincial and federal governments does not exist.

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

Mr. Gray: I will answer questions when I have completed my remarks.

Mr. Grafftey: Is this crisis not of national concern?

Mr. Sharp: Yes, and of provincial concern.

Mr. Gray: I will deal with this aspect later in my remarks. As the hon. member suggests, it is of national concern, but it is also of provincial and local concern. I do not hesitate to say, as I have said already, that it is one in respect of which the federal government must be prepared to take immediate and ever-increasing initiatives in line with its present abilities to find a method of carrying out this and other programs which the people of Canada expect.

Mr. Knowles: That is what the amendment suggests.

Mr. Gray: There has been a lot of comment today and last week about the increase in the N.H.A. interest rate. It should again be stressed that this rate is the maximum rate of interest which can be charged for mortgages insured under the National Housing Act. There may be arguments about the effect of this rate, and certainly they must be considered, but often this change is referred to in terms which seem to indicate that the government has fixed the rate at 8¼ per cent for all National Housing Act mortgages. That is simply not the case. Surely it is in order to stress again that the government has not decreed that all National Housing Act mortgages should bear 8¼ per cent interest, even though I agree there may be some argument about the effect of this step.

The aim of the government, as I understand it, is to encourage a range of rates below the 8¼ per cent ceiling in order to provide more funds from the private sector and, hopefully, lower rates for housing purposes through market forces. At the end of last week, and I speak subject to correction, the Bank of Montreal indicated that its mortgages for housing would be available at the rate of 7¾ per cent. If that is correct it would indicate that, rather than having created a single fixed rate for all mortgages in the housing field, the action of the government is a step toward its goal of providing a range of rates below 8¼ per cent for housing mortgages. It is hoped that in many areas of the country this rate will be well below the 8¼ per cent maximum. Mr. Speaker, may I call it six o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Winnipeg North Centre (Mr. Knowles), Old Age Security—inquiry as to possible increase in pensions; the hon. member for York-Humber (Mr. Cowan), Health and Welfare—payments to provinces under hospital legislation; the hon. member for Okanagan Boundary (Mr. Pugh), Royal Canadian Mint—inquiry as to production of centennial coinage.

Pursuant to provisional standing order 6 (1) and standing order 15(4) I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

SUPPLY

The house resumed consideration of the motion of Mr. Benson for committee of supply, and the amendment thereto of Mr. Chatterton.

HOUSING—ALLEGED FAILURE OF GOVERNMENT POLICY

Mr. Gray: Mr. Speaker, when this house recessed at six o'clock I was pointing out that

the government had merely made the 8¼ per cent rate the maximum rate and had not moved, as some have attempted to suggest, to make it the sole rate for insured lending under the National Housing Act. At the same time, while recognizing that the government's intentions in making this move were of the best, with the aim of attempting to attract more private funds into the home mortgage market, I wish to make clear that in my opinion raising the ceiling of the interest rate in this way is at most a partial and an incomplete answer to the need for more housing. It is certainly not the answer for those earning $8,000 a year or less.

The government must be prepared to take further initiatives to assist people with moderate and lower incomes to have decent housing, in addition to the steps already taken which I referred to earlier in my remarks. This must be done if private enterprise cannot or will not do the job adequately. The Windsor *Star*, in a recent editorial which I must admit was not particularly favourable to the change in the maximum rate, made this point:

> It is a curious feature of our economy that money seemingly is available for almost everything but that which is most needed. It's apparently possible to get money for new supermarkets, sky-scraping office buildings, etc., but not for homes for the people.
>
> This illustrates once again that our private enterprise system has failed lamentably in the post-war period in the field of housing. The situation is acute and becoming more so. It would be quite desperate were it not for governmental housing developments, subsidies, etc.

The editorial reads in part:

> It may be the day is coming when most housing will be built by public enterprise. Housing will be provided by governments, just as educating, water, police and fire protection and many other essentials now are provided.

The editorial, at another point, reads:

> This is just another example of governmental intervention brought about by failure of private enterprise to meet public needs.

I have said that the change in the maximum rate cannot be the sole answer to the need for more housing. However, I recognize the significance of the situation surrounding the federal government's present borrowing ability. It will help no one Mr. Speaker, to call for measures which would worsen this situation and which would make it more difficult for the federal government to finance its activities at this time.

I think that measures calling for increased borrowing at this time will increase the upward pressure on interest rates, the present levels of which are of concern to many. This will lead to increasing inflationary pressures which hurt everyone, especially those with lower incomes. The other side of the coin, of course, is that the public at large is concerned about the present level and burden of taxation; and, of course, taxation is obviously the government's only other immediate source of funds.

We must act responsibly to improve this situation, so we will be in a position to move ahead in the housing area as quickly as possible in ways that may call for further expenditure. In the meantime we must spend the moneys the federal government has available in ways that provide the most to areas of greatest immediate need in housing. The federal government must be prepared not only to explore but to move into new areas both with existing funds and funds which may be raised in the future, to ensure the filling of the basic need for housing, something which is coming to be considered, if it is not already considered, a basic right of Canadians.

While recognizing provincial constitutional responsibility—and I referred to this question earlier in my remarks—I think there is room at this time for greater federal initiative and action. I think the time has come for a federal minister having as his sole responsibility federal government action in the field of housing and urban affairs. I believe there is a great deal to be said for the suggestion made by the hon. member for St. Paul's (Mr. Wahn), calling for the creation of special house building corporations in effective partnership with the provinces, if possible, or under federal auspices alone, if necessary, to build houses at reasonable cost as was done by the wartime housing corporation.

I believe the emergency is of such proportions, in spite of the efforts taken and the achievements that have resulted through measures to which I referred earlier, that this type of initiative could be justified and could very well be supported in the event of a test being made of the constitutional question. I think, too, that the time has come to explore making mortgages available, either by allocating a portion of our existing funds or other funds that will be raised in future, directly by the federal government with interest rates subsidized by the federal government, to people with lower incomes.

Certainly, it is time we reached the situation where there is government action, federal government action if necessary, in partnership with the provinces if possible, to buy

and hold—to stockpile, in other words—land across the country to help eliminate speculation and profiteering in land. This is something which in my opinion creates unjustifiable pressures on the cost of land and is a vital factor in the question of the cost of housing today.

Also, Mr. Speaker, I wonder whether the time has not come to consider the possibility of creating disincentives to private builders who prefer to concentrate on office buildings and luxury dwellings rather than doing more in the field of private homes.

• (8:10 p.m.)

While calling on this government to do more in the field of housing, I certainly would say that this government, contrary to what has been suggested by hon. members opposite, has not failed to recognize the nature of the problem in the country. It has worked to deal with it, and definite progress has been made. What this government has accomplished in this area in the past I think justifies my belief that it deserves the continued confidence of this house and this country with respect to its ability to go on and do even more in this vital field of national policy. This fact also justifies the rejection by this house of the amendment before it.

The adoption by this house of the amendment would do nothing to help the present situation. The amendment will change no existing law. It will bring about the passing of no new law. It will not add one dollar to the money already available for housing. It will cause not one more house to be built. It will only bring about another election which will cause uncertainty and delay in the taking of further steps to provide more housing at reasonable cost. I think that in any event the people of this country are in a position to judge the ability of the present government to do a more effective job in the field of housing as compared with the ability of the parties opposite to do the same. Certainly, as I pointed out at the beginning of my remarks, there is nothing that the official opposition were able to accomplish during their period of office which would cause anyone in this house or in this country to take the wording of their amendment as seriously as they hope.

Mr. Grafftey: The hon. member should fire his speech writer.

Mr. Gray: I would say that because of what the government has accomplished in the past, because of the initiatives it has taken, because of what I think will be the further initiatives it will take in the future, this house should reject the amendment.

Mr. Jack A. Irvine (London): Mr. Speaker, I welcome the opportunity of being able to enter this debate. First of all, I should like to congratulate the hon. member for Esquimalt-Saanich (Mr. Chatterton) upon the amendment he proposed. I should like also to state that on Thursday night of last week when the house was about to close I had the opportunity, after having heard the statement by the Minister of Labour (Mr. Nicholson) on the previous day, to make a few comments. At that time I mentioned the fact that even in the city of London, the riding which I have the pleasure to represent, we are short of some 4,000 dwelling units at the present time. This represents a considerable crisis. It has been reliably stated also that at the present time we are short of some 250,000 units across Canada.

I was rather surprised to hear some of the statements made by the hon. member for Essex West (Mr. Gray) because I consider him a good friend of mine. I thought he was somewhat above making some of the partisan statements he made. I do not think it was necessary for him to make them. Our function in the house is to try and get along together. It is the function of the members of the official opposition to put forward ideas which we believe to be in the best interests of the country. The hon. member attacked the former administration and at the same time kept repeating that the hon. member for Esquimalt-Saanich was thinking in terms of the last year and of previous years. Yet, the same hon. member spoke about the previous administration in a way which I do not think contributed a great deal to the well-being of this house or to the well-being of parliament. I wonder if perhaps some of the remarks he made might not have been the product of a guilty conscience. However, we will leave that for what it may be.

The announcement made by the minister the other evening that the interest rate would be increased to a maximum of 8.25 per cent came, I am sure, as quite a blow to many of us. Many people who think in terms of the general good of Canada—and I do not mean to imply that the minister is not because I know him to be the kind of person who does—think of doing those things which are best not necessarily for their own party but for the country. I recognize the minister to be a great Canadian. Tonight, I am concerned about an item which appeared in a newspaper. I will not read it. Let me say only that it

related to an $18,000 mortgage. The newspaper stated that by the time a person has paid off this mortgage, the amount of money that he would have repaid would have totalled $42,000, including interest. This is a fantastic amount of money with which to saddle a younger person or even an older person. We find that a person wishing to buy a house costing that much would have to pay in the neighbourhood of $1,000 a year in interest. I wonder whether this would not make private ownership of a dwelling an uneconomic proposition. This is something about which we should think. There was a time when we used to encourage the young people of this country to acquire a home of their own. It used to be our feeling that in so doing we were at least going through the motion of encouraging them to be better citizens. We used to think that owning a home gave us a stake in the community, made us feel we were part of the overall picture. It was our feeling that it made better citizens of us.

I recall the time when I purchased my first home. At that time I think the down payment was $300, and I felt very proud of the fact that I had a stake in the community in which I was privileged to live.

Let us think for a moment about the penalties which we are forcing on prospective home owners today. First, let us think of the interest which they have to pay for 25 years, which may amount to $24,000. To that we must add the 11 per cent tax on building materials—and I do not intend to comment on whether this is good or bad at the moment—or another $1,800. Then, let us think of the average increase in property taxes in urban areas. This adds another $300 for the duration of this program, which comes to another $7,500. These people were fortunate enough to be able to pay $10,000 down, and there are few who can. If you add that to the figures I have already mentioned you will come up with something in the neighborhood of $43,300 which they would be paying just for the privilege of having a stake in the community.

These are some of the things that I am concerned about, and I think everyone in this house should be very disturbed about these impediments that we are throwing in the way of the young people particularly. There are other factors such as land values which are escalating all the time. They are part of the inflationary tendency. This is a further handicap which we are putting in the way of these people.

However, let us look at the problem from another angle. Suppose these people do not own a home. They are, nevertheless faced with the law of business balance, so they must pay higher rent because naturally the value of a home on which owners must pay up to 8.25 per cent will go up and therefore the value of replacement homes will go up. The value of the home which a person is renting will go up, and therefore he will have to pay more by way of rental.

This is a very serious situation, particularly for the young people who are raising a family. These are some of the things that contribute to the ever increasing inflationary pressures.

• (8:20 p.m.)

Let us consider, for instance, the minimum income factor of $8,000 that was mentioned. What about the lower income earner, the man who, let us say, earns $5,000 a year and is paying $75 to $100 per month rent for his home? This man cannot qualify for this type of mortgage. The result is that when his rent goes up he will be paying more money just to subsidize those people in the $8,000 and over income bracket. Is this man not worthy of consideration, or is he supposed to be some kind of second class citizen? Is he not entitled to the dignity of the individual? The same inflationary pressures are going to send his rent up, and I ask the government what it intends to do in such a situation. I feel that these are the people we should be assisting. Of that I am sure, because I lived on that kind of income for many years. It is the man in the lower income group for whom we should have a program.

Let me mention for a moment, Mr. Speaker, something that has been referred to in this house many times, namely the 11 per cent tax on building materials which is collected by the Department of National Revenue at great expense and lent back again through the N.H.A. at a lesser interest rate. I should like to know the actual net figure derived from this tax on building materials. How much does it cost us to administer the tax? For example, how much does the book work cost? How much does it cost the supplier of building materials and the builder himself to handle the administrative work? All of these expenses, which are legitimate expenses, are charged against the company concerned, if these charges are exempt from tax this just means that the government derives even less tax in each particular case.

The net amount received from this tax has been reliably estimated to be in the neighbourhood of 2½ per cent of the full tax, yet these people must pay the full tax of 11 per cent. This is another obstacle tossed in the way, particularly of our young people today who want a home of their own.

I would ask whether this permitted increase in the interest rate that the minister has mentioned will make it possible for people to build, or will it make it impossible? Will it mean that eventually the private dwelling will become an uneconomic unit and that it will not be reasonable for a person to think in terms of building a home for himself? I am sure that every member in this chamber is well aware that this situation will place the lower income family right in the middle of another inflationary squeeze.

We are subsidizing, Mr. Speaker, such persons as the wheat farmers and the dairy farmers. We also subsidize the coal industry. I do not disapprove of this; indeed, I think it is all to the good. In view of the fact that the Minister of Trade and Commerce (Mr. Winters) found himself in a very embarrassing position vis-à-vis the wheat farmers, I think the government had to subsidize them. But why do we not think in terms of protecting the jewels of our society? Why do we not think of protecting those people in the lower income brackets so that they can qualify for a mortgage to build a home of their own?

I contend that if we made it possible for people in the wage bracket of between $5,000 to $7,000 or $8,000 to qualify for a mortgage to build a home of their own, first of all we would be making better Canadians. As I said a moment ago we would give such persons a stake in their community. I suggest that we should do some very real thinking along the line of making it possible for people within that income bracket to obtain a mortgage at an interest rate of 5 per cent.

Surely, Mr. Speaker, we are not above subsidizing our own people in order to help them out, particularly those in the younger age groups starting a family. It does not make sense for them to live in the low-cost housing developments that we have; they want a place of their own where the kiddies can romp about outside in the back yard, be it big or small. I know from experience that this is important to such people.

I should like to impress upon the government at this time the importance of doing something to help the people in that wage bracket. These young people are Canada's greatest asset. During the war it was the young people who were sent overseas to fight for us; I think it is now time we did a little bit of fighting for them.

It is true that some of these people will never own a home; that has always been true. But are we going to condemn them to live in these low-cost public housing developments? These developments do not harmonize with the outlook of young people with a young and growing family. We grant loans to foreign developing countries interest-free, yet we forget the most important asset that we have in our own country.

Let us look at the situation objectively, Mr. Speaker. This morning I called on two banking institutions. Not too long ago it was possible to obtain a mortgage from these institutions at the rate of 7 per cent, though I admit they were selective in placing those mortgages. I asked the manager of one of these institutions this morning what they were charging at the moment, and he told me it was 8 per cent. I contend that that is the thin edge of the wedge, and that within a very short space of time they will increase that rate to the maximum amount of 8¼ per cent. I asked him whether that would be the case, but he replied he did not know.

Supposing, Mr. Speaker, this does happen and these rates do go up to 8¼ per cent. Are the institutions that lend money for this purpose going to lend money at a lesser rate for commercial purposes? We will also find a restraint in the business community. The prices of all other homes are going to increase correspondingly. Let us say that a house is built today for $20,000 and the amount of $20,000 is paid in interest over the term of the mortgage. At the former rate of interest the same house may still have cost $20,000 to build but the interest would have amounted, say, to $12,000. This means that the price of the house has risen by $8,000. The effect of these increases will be felt all the way down to the man who is paying $75 a month rent. That rent will be increased perhaps to $100 a month. This fellow who is making, shall we say, $100 a week will pay an increased rent, according to inflationary trends, perhaps of $115 or $120. The time when he can buy his own home will be postponed. Perhaps he will be too old to qualify for a mortgage when he has saved the money.

• (8:30 p.m.)

It is this point with which I am concerned. I am speaking on behalf of the little man who goes to work every day and carries a lunch pail. He is the man in my mind because he

makes this country great. I implore the government tonight to do something to assist him and others like him. Let us help them reach the goals aspired to by good Canadians.

Charity begins at home. I do not say that we should stop the great work we are doing for some developing nations, but let us look at home first. Let us protect those who are the very jewels of this country in which we are privileged to live.

One might ask, where are we to get the money? I say that the first place we ought to look is at our bureaucracy. We ought to cut down the amount of bureaucracy in this country. Perhaps we could cut down on the empire building that has been going on, shall we say, from 1939, I am not excepting the former administration because this is no time to be political and we ought to call a spade a spade. We serve in this house first as Canadians and secondly as party members. As I say, if we can cut down on bureaucracy, it would be all to the good.

I wish to read from the editorial page of the Stratford *Beacon Herald* of August 1, 1967. Hon. members may not be familiar with this newspaper which is published about 40 miles from the riding I have the privilege to represent. The article reads:

> An Ottawa report setting forth the average income of income taxpayers in Canadian cities was published in this newspaper a few days ago. Average income reported by taxpayers in a number of Western Ontario cities, including Stratford, St. Thomas, Woodstock, Galt and Owen Sound, was in the $4,500-4,700 bracket. In smaller or less industrialized centres the average would be lower. *Beacon Herald* Ottawa correspondent Richard Jackson, in more than one of his columns, has discussed the civil service salaries ranging, for senior officials, from $18,000 to $35,000, with a few drawing more.
>
> The Ottawa correspondent earlier this year had reported 372,890 persons in the federal public service,—

That is 372,890 persons, Mr. Speaker, a fantastic figure.

> —as it is now called, with a payroll of $2,063,892,000, not including the armed forces. It is taking one of every four tax dollars to provide this payroll. If one of these Western Ontario taxpayers reporting around $4,500 income was married, had one dependent, paid union dues and made some charitable donations, he might pay $160 income tax, of which $40 would go to pay federal employees receiving, in general, far more than the taxpayer.
>
> Of course, the comparison is not really accurate; every taxpayer indirectly pays customs duties and federal sales tax on goods purchased, and this would make up part of his $40. It is also the case that civil servants in the higher salary brackets pay far more income tax. The important fact remains that we have 10 times as many people in the public service as in 1939—

Ten times as many. Mr. Speaker, these are astounding figures:

> —an increase out of all relation to population rise, taxpayers' incomes or anything else except the proliferation of Government departments. Ten times as many persons means far more than 10 times the salary total, because of increases granted from time to time since 1939. Now the public service is organized, under legislation discussed in these columns a few months ago, and is reported planning to shake down the Treasury for substantially higher rates of pay.

This is only human. I continue:

> There is nothing in the Treasury but what is put there by taxpayers, and the biggest source is the income tax—not the tax on large incomes, but on the great number of medium and small incomes.

I wish to make clear that I am by no means advocating a program of wholesale firing or disposing of public service people. No, I have not that in mind at all; but I do suggest a serious job evaluation program to take the square pegs out of round holes and vice-versa. That is long overdue.

I do not suggest that these people ought to be laid off or summarily dismissed. But I do suggest, in all sincerity, that as personnel reach retirement age, let us take a good look. Many of them need not be replaced, perhaps. We might be able to cut down the service by 2 per cent, 3 per cent or 5 per cent every year without unduly crucifying anyone, thereby reducing the payroll which stands at over $2 billion. If we reduce the service, say, by 5 per cent, that would mean that $100 million would be released to aid the younger people with small families in purchasing a home. The 5 per cent of payroll that will be saved could go toward establishing those with small families as good citizens of this country of ours.

I contend, Mr. Speaker, that the backbone of this country is that little man. Let us give him a chance. Let us not kick him while he is down. Let us not make it that much more difficult for him to rise above his present level. Let us do something to assist him. It is time that we thought in terms of charity at home and of subsidizing the little man.

• (8:40 p.m.)

First of all, make it possible for him to own his own home. Make it possible for him to enjoy the dignity to which he is entitled as an individual. Make it possible for him to hold up his head and be proud to be a Canadian.

Tonight I would like to ask the minister and his colleagues on the government front bench what they envisage? What do they

plan for this man? Are we going to drop him entirely or are we going to give him a hand up?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, it had in any event been my intention to enter this debate, and when I heard the terms of the amendment proposed by the hon. member who spoke on behalf of the official opposition my intention was confirmed.

I share the concern of all hon. members about housing. Notwithstanding the very substantial efforts and very substantial successes of the government in the last few years in adding to the housing supply, and in introducing measures as progressive as any in the world, there is no doubt that now there is a shortage of housing accommodation in Canada. This shortage, of course, is particularly to be found in the very rapidly growing urban centres, one of which I help to represent in this house.

I am also satisfied, and I think all hon. members are satisfied, that the demands for housing are likely to remain at unprecedentedly high levels for as far ahead as anyone can foresee. The Economic Council has made the case very well, but I do not think it would have needed the Economic Council to make their detailed analysis to have demonstrated to any of us what is so obvious.

A country like Canada, with the most rapidly growing labour force in the world, is bound to have a housing problem. This is recognized by the minister responsible for housing. It is recognized by the Minister of Finance, and is recognized by this government. I also agree with the hon. member for Esquimalt-Saanich (Mr. Chatterton) in emphasizing the question of fiscal priorities, although I find this advice passing strange, even hypocritical, coming from a party that has on so many recent occasions urged the government to take on vast new spending programs as quickly as possible without regard to fiscal responsibility or priorities, or anything else for that matter.

Mr. Churchill: I think "hypocritical" is unparliamentary language.

Mr. Sharp: I had thought of looking up the voting record of the hon. member for Esquimalt-Saanich and of the hon. member for Perth (Mr. Monteith), whose eloquent words were quoted by the hon. member for Esquimalt-Saanich.

Mr. Monteith: How true they turned out to be.

[Mr. Irvine.]

Mr. Sharp: But I decided it really was not necessary because I remember with what wholehearted enthusiasm the members of the official opposition urged us on to spend hundreds of millions of dollars in excess of what we have—

Mr. Churchill: Specify.

Mr. Sharp: They were specified on particular things, but I never did hear from the official opposition any recommendations that in order to make room for a particular priority we should drop other programs costing hundreds of millions of dollars, or urging us to increase taxes for that purpose. I trust, Mr. Speaker, when the government, in the interests of fiscal stability and fiscal responsibility, has again to establish priorities the hon. member and his colleagues will be supporting and encouraging us. That would be a very welcome change.

Some hon. Members: Hear, hear.

Mr. Aiken: May I ask the minister a question at this point. I wonder if the minister would be kind enough to outline for us the government's priorities?

Mr. Sharp: Yes, Mr. Speaker, I am just coming to that. When we resume the budget debate sometime this week I shall be discussing our general financial situation at greater length, and I shall be asking this house to support the government in maintaining and establishing priorities, and in keeping our borrowing requirements within appropriate limits. I trust that when I do so the applause from the other side will be deafening.

I have listened to these exhortations on economy, Mr. Speaker. I listen to them not only from hon. members opposite. I listen to them almost constantly and, Mr. Speaker, nothing so heartens a minister of finance as that kind of support. But may I add this, that on this field the battles are fought on particular issues and not in terms of generalities. I do hope when I become specific and when, in the interests of the economic future of this country, I shall be urging that we continue the kind of responsible policies we have been following, instead of the customary criticism I have received from the opposition there will be that general support that has been forecast by the speeches made today.

Mr. McIntosh: Keep the politics for the hustings.

Mr. Sharp: Mr. Speaker, this is not politics; this is the future of our country. And I say

quite sincerely that I hope every member of this house has as high a regard for the importance of fiscal and monetary stability and responsibility as ministers of finance customarily have, and I do hope that there will be that same spirit exhibited when we come down to the particulars. Now, Mr. Speaker, I would like—

Mr. Bell (Saint John-Albert): Like you did in 1962?

Mr. Sharp: Well now, Mr. Speaker, I have taken the advice of one of the former speakers that I should not go back in history behind this parliament, and I shall refrain from doing that because I know what I might say on this occasion. I am dealing only with this parliament and the attitude of members sitting here today.

Mr. MacInnis (Cape Breton South): You don't know your history.

Mr. Sharp: I would like to come back to the problem that is facing us and to say something about its nature. The first problem we have to deal with, if we are going to face up to the housing problem adequately and not in a partisan fashion, looking at the realities of the situation, is the shortage of capital or I might say, if you want to put it another way, the shortage of savings. Housing takes not only labour and materials, and at this point may I say we can help to improve the supply of both. Even the federal government has a role to play in this, and many of the efforts that have been made by the Minister of Manpower and Immigration (Mr. Marchand) in recent years and months will, I believe, help to improve that situation.

We can also, I believe, improve our building methods. But housing also takes capital in the form of savings. Most buyers of housing are unable to pay cash. Most of them require to borrow some money to build houses, and therefore someone else must have savings in order to enable them to buy houses at the time they want them.

It is the savings to finance the purchase and rental of housing which are scarce today and, I have every reason to think, are likely to be scarce over the next few years. Housing must compete for capital with industry, and it must compete for capital with governments. We must have capital to provide jobs in industry, and governments must have capital to provide the infrastructure, the roads, the schools and all the other things governments must provide if there are going to be cities fit to live in.

• (8:50 p.m.)

There is no easy answer to this. Canada probably will face a shortage of capital over the next few years, and we certainly shall have to import it in large amounts. This has been recognized by the Economic Council whose report has been quoted on so many occasions.

An hon. Member: Not by Walter Gordon.

Mr. Sharp: This is a statement I have made on many occasions and which my colleague the President of the Privy Council has made on many occasions. We shall have to import capital to meet our requirements. We have many demands on it. We must try to establish priorities intelligently and realistically. I know of no easy choices for low priorities in this competition. The test of people who believe in priorities is not what they put at the top but what they drop off at the bottom. These are the real problems we must face in ensuring that there is an adequate supply of capital for housing.

If housing is to compete effectively for the capital which will be required in the next few years, it must be able to offer attractive terms to investors. I regret to say that under present circumstances this means higher interest rates than we have been used to in the past.

Canadian rates must be high enough in relation to those of the United States that they will attract into Canada the capital required to supply our deficiency. This is just a fact of life. There is nothing we can do about it unless we can increase our own savings, and I do not think they can be increased quickly enough to enable us to dispense with foreign capital. Therefore, our interest rates must bear a proper relationship to those in the United States. Canada's interest rates must be such that they will enable us to balance the demands of our capital markets with the supply of funds from savings, both domestic and foreign.

I am concerned about these high interest rates. I regret very much that interest rates have had to rise. They have been rising throughout the western world. They have been rising in industrialized countries and in the underdeveloped countries of the world. As I said in my statement on motions today, last week I was in Rio. There, I had the opportunity to meet all the ministers of finance of the world. We met many times in large groups and in small groups. One of the main problems we discussed was the problem

of interest rates. As I said jokingly to one of my friends today, it was pleasant to meet with ministers of finance from around the world because at least we could console one another. We looked at this problem; we examined it carefully and at length for a week. There was not one of us who could come up with an easy or early solution to the problem of high interest rates.

During this past week we have given more flexibility to the rates so that funds can be attracted into housing. We have given as much flexibility as is permitted under the National Housing Act for those who want to obtain insured mortgages by enabling them to offer as attractive terms as are necessary in order to compete with other borrowers. As hon. members know the statute has an upper limit on what the government can do. We went to that limit, not because we expected the rates would rise to that level but so that the market could settle at whatever level was necessary in order to attract funds into insured mortgages. I have every reason to believe that the rate will settle substantially below 8¼ per cent. I believe there is plenty of evidence to indicate that that will happen.

The second major problem is that of serviced land, because properly serviced land is essential to housing development in our metropolitan areas, especially in and around the city of Toronto where land has become a severely limiting problem. This shows up, of course, in the scarcity and in the high cost of the land. I understand that fully serviced lots now sell for $10,000 or $12,000 a lot. I can remember of course, as many of you can, what prices were like just a few years ago. I looked up the figures and found that between 1949 and 1966 the average cost of urban serviced land in all Canada increased by over 350 per cent. This increase is of course, far more than the increase in the cost of constructing a house and far more than any increases in the cost of financing.

Some municipalities, especially in the Toronto area, are now restricting the single houses they will permit to be built to those of a relatively high value, in the neighbourhood of $25,000 and $30,000, so that they will be more able to carry their full share of municipal costs. Then, too, the volume of houses built will not bring an expansion of municipal services and schools which will be a strain on municipal financing. This is a vivid illustration of the interrelation between the housing situation and the problems of municipalities and their financing.

[Mr. Sharp.]

This brings me to the third problem to which I wish to refer; that is, the problem of obtaining good urban development. We can only secure a solution to the housing problem if we can achieve good urban development with the proper planning and control of land use and the proper services and facilities planned to go with it.

Not enough progress has been made in this field. I think this is admitted by everyone. Certainly not enough progress has been made if we are to be able to meet the sort of problem which this country faces in the years to come, even if mortgage funds were available on an unlimited scale. The proper planning and control of land use and municipal administration of it is, of course, essentially a matter for the municipalities. They have the means for effective control. We can help, but to try to solve that kind of a problem by providing more mortgage money probably would make the situation even worse. We must have a co-ordinated approach to the problem of housing. I believe this is recognized by everyone here, but in this debate I regret to say that I felt it necessary to point out these things because too much emphasis has been placed upon only one of the problems, namely the problem of financing.

The fourth problem is taxes on housing. As I know, and as you all know, in order to get the revenue necessary to carry on government it is necessary to have taxes. There are no perfect taxes and certainly there are no popular taxes. Unfortunately, we cannot finance all our expenditures by the most desirable form of taxes which most of us I think would regard as taxes on income, whether of individuals or corporations, or perhaps some taxes on consumption. One of the main sources of revenue in this country is the tax on real property.

• (9:00 p.m.)

Last April, well before this debate emerged, in speaking to the Tax Foundation I referred to this problem and I should like to quote a few of my words at that time:

> Our property taxes in Canada fall to a large extent upon the improvements put on the land rather than on the value of land itself. Along with other influences, they make houses and apartments cost too much. I believe we cannot fully solve our housing problems, which are serious, until we can improve the financing of municipalities as well as the effective control and planning of land use.

That is still my view. In my speech in Toronto I made some suggestion as to how this burden might be somewhat shifted. I have had no takers. This remains a major

problem and unless we tackle it, along with a general reform of our tax structure, we will not have dealt with one of the major difficulties that face this country and which is at the root of the housing problem.

It has been suggested that we, as the federal government, should take some action about housing by removing the tax on building materials. There is nothing I should like to do more than that, but I have a problem. It is a problem that is shared by everyone in this house; that is, to raise enough revenue to meet the expenditures of the government. The Economic Council of Canada made a comment on this matter, not quite in the form in which it has been quoted from time to time. The council only suggested that the issue be re-examined, and I can assure you that I have re-examined it over and over again.

The Carter commission, however, made a more pertinent comment when it said:

> The complete exemption from tax of all building materials would be desirable both on economic and social grounds, but may have to be deferred for the present time and reconsidered in the future in the light of revenue requirements.

Those are the circumstances in which I believe we now find ourselves. When we can afford this, and I hope that will be soon, perhaps the first step might be to refund on each housing unit a certain sum of money so that the relief would go in the main to those who need it most.

Mr. MacInnis (Cape Breton South): You are stealing an idea.

Mr. Sharp: This was an idea I had, and perhaps someone stole it from me. However, originality is not really the test, it is the soundness of the idea, and if I borrowed it from someone I heartily acknowledge my indebtedness. It is a sound idea and I hope in due course we will be able to follow it. In the meantime, it is quite evident, I believe to everyone in the house, and I shall be setting this forth in greater detail during the budget debate, that we cannot afford that particular tax remission now.

However, I did make some calculations as to the amounts involved in sales tax on a house of average size and cost, which is probably in the amount of some $540 as a once and for all cost. This is about the amount of sales tax on the building materials involved in a typical house.

Mr. Prittie: On what value of house?

Mr. Sharp: One can figure that the 11 per cent sales tax is paid on approximately half of the cost of construction, so you get down to figures of this order. Perhaps it would be a little bit less than half. I had these calculations made by some of my experts and I am sure they are within the proper range. On an expensive house the tax would be more and on a less expensive house it would be less. This is based on C.M.H.C. averages of the cost of house building in this country in recent years.

When you compare that figure with the burden on housing involved in property taxes, the average property tax being about $350 a year including semi-detached or row houses, I suggest that while a remission of the sales tax on building materials is a desirable reform, it is one that is not nearly as important as many others, or many other more important steps that may be taken.

Let me now come to what I believe should be the policies of the government in this field. We are pressing forward on several fronts in our attack on this housing problem. As a first step to meet the urgent shortage in funds experienced last year we instituted major direct lending programs. Indeed, the other day when I looked at the figures of the financing of C.M.H.C. I was astounded at the change that had taken place. I found that C.M.H.C. was taking from me, as Minister of Finance, out of the public purse as a loan, hundreds of millions of dollars. A few years ago we were providing something like $100 million. This is the measure of the priority that the government has given to housing since we took office. By comparison, the amount of resources that the government has placed in housing in recent years has been completely out of proportion to any previous period, whether under the previous administration or under the previous Liberal administration. A massive attack has been made on several fronts.

This brings me to what I believe is the second front upon which we should proceed. We are planning next year to provide capital directly through C.M.H.C. to meet the needs for public housing—specialized housing for old people, student housing and urban development—on a much larger scale than ever before, and we do not intend any of the measures we propose in respect of housing to be cut back on these priorities. This is where we believe our primary responsibility as a government resides; that is, in helping those who need help most. We established that priority and I hope it will be supported by everyone in this house.

We plan that the bulk of housing should continue to be financed through the market, as it has been in the past. This is especially important for rental housing which is urgently needed. The government will continue to provide exactly the same guarantees it has in the past on National Housing Act mortgages. We have now given sufficient flexibility so that money can be directed to those instruments at going market rates. I submit this will increase the volume of money available for housing in this country. The combination of the government concentrating its direct activity upon areas of social need and allowing the market to operate under guarantee for private housing is, I believe, the best combination of policies under present circumstances.

To meet the longer term problems I have been outlining, we have indicated our readiness to discuss with the provinces the variety of measures that may be needed to solve other problems than those of housing finance. We have already had many meetings with the provinces in this field. The extent of our co-operation with the provinces and municipalities is far greater than anything that has taken place in the past. The hon. member for Essex West (Mr. Gray) gave us some figures in respect of projects in one city. This information came to me as news, but it illustrates the general scope of the government's activity in those areas where housing needs should have the highest demand upon government resources.

This is the government's policy and I suggest to you that we, as a government, have recognized our responsibilities in this field; we have recognized our fiscal responsibility and we have recognized the need for priorities. I hope that we shall have the support of the opposition on these priorities as they are now and may be in the future. I submit that we recognize the importance of the housing problem and I hope we will have the support of the whole house in respect of the measures we intend to take.

• (9:10 p.m.)

Mr. Keays: Mr. Speaker, I should like to ask the minister a question concerning his good intentions about coming to the aid of those in the low income bracket next year. What income ceiling would the minister consider for the low income earner.

Mr. Sharp: Mr. Speaker, I think that question should be directed to the Minister of Labour (Mr. Nicholson), who will be taking part in the debate later.

[Mr. Sharp.]

Mr. Aiken: Is the minister going to give us the priorities, too?

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I have listened to many hon. members from the government side of the house in the last few days. One line from Shakespeare kept crossing my mind when they were discussing housing, namely, methinks he doth protest too much. When I heard the exposition of the traveller from Rio just a few minutes ago I thought perhaps I should thank the minister, on behalf of the burdened Canadian taxpayer, for delineating in such detail all the costs and taxes which the present government is making him bear.

However, as I listened to the debate I have heard a diversity of views. At times, there seemed to be a degree of unanimity among the government supporters. They all seemed to be hiding behind that great shield of provincial rights and responsibilities. Apparently, in this manner they hoped to be able to avoid the true responsibility for this crisis which is, of course, the failure of the government to do anything realistic not only towards solving the housing crisis but towards solving the money crisis that is facing our country.

Surely, as has been pointed out by other hon. members on this side of the house, there exists not only a housing crisis but a crisis in monetary policy. This crisis has been intensified and prolonged by months of government ineptitude, government inaction and government fumbling which has led from crisis to crisis and from stopgap measure to stopgap measure. The government has been going to the cupboard for a bone with which perhaps to seduce the Canadian voter, but finally, like Mother Hubbard, they have found the cupboard bare. They have been caught up in a web spun by their own fingers. They have been trying desperately to extricate themselves by using the classic economic ploy that the interest rate is not sufficient to attract more money into the mortgage field, hoping desperately to save the situation. At the same time, there has been an attempt to rescue this government once again from the consequences of its own folly. But, Mr. Speaker, the question the people of Canada are asking is: will these measures work?

Let us look at the situation. The Minister of Labour (Mr. Nicholson) has pointed out very forcefully that because of the high cost of building and the unavailability of mortgage money the average individual must look not toward home ownership but toward

rental accommodation, probably government subsidized. Hon. members will recall the words of the minister when he stated that we must look at the possibility of raising the income ceiling for limited dividend housing. In other words, the minister indicated that it is in the field of multiple dwellings that government action must be directed; that is, low cost, subsidized, multiple housing. Apparently it is not a matter of whether this is a good thing at this stage. Surely, the average Canadian should be given a choice in this regard and should not be forced by sheer economic necessity, made so by the actions of this government, into public housing? This is exactly what the government is trying to do.

I noticed that the Minister of Labour and the Minister of Finance (Mr. Sharp) were very careful to point out that the interest rates on loans for public housing projects for families with low incomes would not be increased. Am I to understand from this that there is no need to attract private capital into the field of low rental housing or student housing, which were dealt with by the Minister of Finance? The minister shakes his head; apparently there is no such need. It seems to me there is a basic contradiction of view here.

Let me illustrate this, Mr. Speaker, by quoting from the minister's announcement in respect of an increased interest rate on mortgage loans. I wish to quote from page 2577 of *Hansard* as follows:

> In order to attract private funds into housing and to enable the government to concentrate its future lending in the important social areas of greatest need, namely, public housing, housing for elderly people, housing for students and urban renewal, the government has decided to take full advantage of the spread authorized in the statute. We anticipate this change will result in increased lending activity on the part of primary lenders and at the same time substantially increase activity in the secondary mortgage market, which is very important at this time.

The minister went on to say that the maximum rate would come into effect on October 1. In making this announcement he made it quite clear that there would be no change in the N.H.A. interest rate on loans for public housing projects for families of low income, housing for elderly persons, student housing, land assembly, urban renewal and sewage treatment plants. I see a basic contradiction here. Apparently we can obtain enough money, according to the ministers' thinking, with which to house families of low income, the elderly, the students, and so on. I ask, Mr. Speaker, is this what the minister means?

Mr. Nicholson: Mr. Speaker, that is a question I shall be glad to answer. That is not what I meant. The statement could not possibly mean that.

Mr. Brand: Well, Mr. Speaker, I will just leave it on the record.

Mr. Nicholson: I shall be glad to answer that question.

Mr. Brand: At the end of my speech, Mr. Speaker, I shall be very glad indeed to hear the minister's answer. Of course, the claim is made by hon. members opposite that this increase in the interest rate will not have the least inflationary effect. However, I wonder whether the government and the Minister of Finance, after his trip to Rio, will deny that an increase in the mortgage interest rate will increase the cost of construction and the cost of land. Can they deny that there will be pressure to obtain higher wages in this field in order to meet the increases forced upon the workers? Can they deny that this will result in increases in consumer costs and services, accentuating the spiral in costs? Does the minister deny, or will he agree, that this policy of the government will increase costs?

In this connection, Mr. Speaker, I should like to refer to the latest report of the Economic Council of Canada. In order that there be no mistake, I should like to quote exactly what the report says. The following appears at page 265 of the report. This passage deals with the effect of monetary restraint on new housing starts in 1966:

> This, in turn, means that even though monetary conditions started to ease before the end of 1966, the volume of new housing completions will decline in 1967. With the rising numbers of new households, these developments have already resulted in very tight markets for housing in a number of urban areas, in a widespread reduction in vacancies, in a general increase in shelter costs, and in indirect upward pressure on wages (next to increases in food prices, increases in such costs appear to have the most direct and powerful effects of all consumer price changes exerting upward pressure on wages).

However, Mr. Speaker, the most serious of the implications as far as I am concerned is the government's indication that apparently people are to be forced by sheer economic necessity into apartment and low rental dwellings.

• (9:20 p.m.)

Many prefer living in apartments, but surely we should have the right to choose where we may live with our families. However, 80 per cent of the people of Canada will no

longer be able to obtain C.M.H.C. loans. Is this the intent of government policy at this time? Is this all part of a government scheme to create a rabbit warren complex for the people of Canada? Perhaps the minister wonders what I mean by a rabbit warren complex. One can certainly see that in future the people of Canada will be housed like rabbits in a warren. Perhaps they will even be denied the right to the one propensity for which rabbits have gained a certain degree of notoriety over the years. Surely, it is obvious that the more children we have in this country the more serious the housing problem will become. The government, therefore, will have to take steps—perhaps this is one of the guide lines—to ensure that the birth rate does not increase unduly outside the bounds of policies laid down by the government.

As we look at the over-all picture, it does seem clear that the government has failed to recognize the crisis as it exists or to take adequate steps to meet it. Every measure the government has taken has been a stop-gap measure, the finger-in-the-dike principle, and only a symptom of the serious malaise in the present government. There are many other examples of the finger-in-the-dike principle. We had one the other day when the Minister of Trade and Commerce (Mr. Winters) brought in a measure to maintain wheat prices in the international market. Incidentally, I understand he pulled his finger out over night.

What the people of Canada are asking is, when are we in the House of Commons going to take a long, hard look at this problem and implement some really effective measures. I am certainly no economist and I make no pretense to be one, but the implications of these government policies to the individual is something that it does not take an economist to realize. This is the question: is it the responsibility of the government to gear the economy of our country to allow individuals to purchase their own homes if they so wish, or is it, as the minister implies, the responsibility of the government to control and decide the type of housing that each individual must have? Are we going to force the individual, by the inexorable pressure of adverse economic factors, to live, as I said before, like rabbits in warrens in government subsidized housing? As we listen to the various speakers on the government side we seem to be coming to the inescapable conclusion that the latter is the answer.

What if we took a brief look into the future? I noticed the Minister of Finance (Mr. Sharp) was doing that; he did not want to look back either. What would be the ultimate result of this type of Liberal philosophy? Perhaps a new generation of Canadians will evolve, stamped not with the mark of Cain but with the mark of Liberalism, which is, I believe, the generic equivalent. Are Canadians to become faceless, amorphous, indistinguishable from one another, going about their daily tasks in government subsidized training or in government subsidized jobs? I think of the rapidly expanding civil service. Will they be eating in cafeterias owned and operated by the government because that will be the economic thing to do? Will they be taking the government subsidized rapid transit system back to the government subsidized apartments where they will listen to the government subsidized television and radio announcing further plans to control other facets of their life, including the right of procreation. That is the one thing I do not believe the government would dare subsidize, but would control so that a too rapidly increasing birth rate would not overburden the already serious housing shortage which, as the minister pointed out, is to continue for many years to come. Is this what we want for our fellow Canadians? It may be said that this could not happen, but it can happen.

Unless we in the House of Commons come to some realization of what is happening, it will be a reality before many years go by. But it need not happen if we stop this program of stop-gap measures and if we take a few definitive steps to examine our problem in depth. I have heard from the other side, and I agree, that the problem is serious enough so that partisan considerations can be held in abeyance. Surely, the time has come to sit down together in the relatively non-partisan atmosphere of a joint committee of the Senate and the House of Commons and see what can be done. The minister looked favourably upon this when he spoke the other day. Surely, this would give us an opportunity at least to get the advice of the experts. I do not refer to experts from the C.M.H.C. personnel because they have a vested interest in what is going on, but I am speaking about experts in the field of sociology and perhaps all the other fields which have been carefully documented as being part of the housing field.

Let me point out that the first National Housing Act of 1935 came about in this fashion. Can we do any less in face of the serious situation which confronts our nation

today? After all, raising the mortgage interest rate may be the economists' way of stimulating private investment in the mortgage field, but the results to the average Canadian can only be catastrophic. The low income groups can no longer afford to own their own homes and the middle income groups, making up the bulk of our population, are now in exactly the same position. Are they to continue to have the hope of pride of ownership, one of the few things left in this day of government intervention, snatched away as well? So far as I and my constituents are concerned, we are sick to death of listening to this type of pusillanimous sophistry which this government is feeding the people of Canada.

I wonder if we would not be wise to go back—even though the Minister of Finance feels we should not—to January 23, 1935 and read from page 137 of *Hansard*? At that time Mr. T. L. Church, the hon. member for East Toronto, said:

> It is the duty of a Christian country, a Christian community, to do all in its power to see to it that its citizens live in healthy homes. Housing cannot in any locality be separated from the problems of roads, light, water, sanitation or other similar questions.
>
> One of the evils of to-day is the high mortgage rates that are charged—

So what else is new?

> —They are retarding progress and recovery. As I say, I cannot emphasize too strongly the necessity of the government taking some action to reduce these mortgage rates which are bearing so heavily on the poor people. In the city from which I come many old workers are losing their little homes because they cannot pay the high mortgage rates which are asked—

The only difference now of course is that they could not hope to get one in order to lose it.

> I hope that in some way perhaps through the provinces and the municipalities,—

Does that not sound familiar?

> —the government may take some action so that loans may be made at reasonable rates of interest to aid the reconstruction of old buildings and the construction of new houses. I believe such a step will be in the right direction.

That is taken from the private members' resolution on the proposed national policy of building and reconstruction as an economic and social necessity. As a result of that private resolution, the then prime minister, Right Hon. R. B. Bennett set up a committee of the House of Commons, and from that came the first National Housing Act which was the precursor of the many acts which we have had over the years. We have had massive revisions of these acts since that time. From 1938, to 1944 and in the present act of 1954, massive revisions have been undertaken in order to attempt to deal with the problems of the day. These were revisions undertaken by thoughtful ministers—one of them is sitting opposite in a somewhat different portfolio—such as Hon. J. Ilsley and others. The work that they did at the time, along with the members of the opposition, had the effect or producing bills which, with reference to their own particular problems, did a fairly adequate job. Surely, Mr. Speaker, the time has come once again for a massive revision, for a long and in depth look to be taken, as I said before, at the present act. I am, of course, aware of the revisions that were made in November 1966; but I feel that as a result of a very careful study the act may possibly be entirely different.

• (9:30 p.m.)

After all, Mr. Speaker, what were the initial purposes of the National Housing Act? We know that Central Mortgage and Housing Corporation was a crown agency incorporated by act of parliament in 1945 to administer the National Housing Act and to co-ordinate activities in housing. We sometimes forget when we talk of provincial co-operation and otherwise, that authority over and responsibility for a variety of functions affecting housing is part of the duties of C.M.H.C., both in the long term as well as in meeting the immediate requirements of the country. C.M.H.C. has power to act as insurer of mortgage loans, as lender or investor of public funds, as a guarantor and owner of property and other assets.

Another thing which is forgotten is that C.M.H.C. also acts as a research agency in fields associated with housing, and it assists provinces and municipalities in many aspects of urban growth.

However, it seems to me that somewhere along the line something has been omitted. The government's aim through these successive housing acts has surely been to stimulate and supplement the market for housing, to increase the flow of mortgage money, and to encourage lenders to make loans on more favourable terms to prospective home owners. These have been the purposes of the acts, Mr. Speaker, but it seems that the government has forgotten them.

Looking at all of the suggestions which have been made to date, several facts have emerged quite clearly. First of all, nobody appears to have an absolute answer to the problem. It is surely self-evident, as I said

before, that the time has come to do away with stop-gap measures, to put an end to finger-in-the-dike policies. It is obvious that the time has now come to make a complete reappraisal of the situation. I am not talking of next month or at the end of the next quarter when the interest rate is reviewed; now is the time to set up a joint committee of the kind I have suggested with all the power and means to look into and report on every facet of the housing crisis in this country. Perhaps at the same time the committee can look into the real cause of the monetary crisis which has been brought on by the policies of the government opposite.

In this regard, Mr. Speaker, I have never attempted to lay the blame for the present situation totally at the feet of the Minister of Labour (Mr. Nicholson). However, I am sure he must share some of the blame along with the other members of the government of which he is part.

Mr. Grafftey: He has lost the fight.

Mr. Brand: That is true. The minister is surely the prisoner of the economic policies of the government. I even noticed the manner in which the Minister of Finance (Mr. Sharp) talked, as though the policies and decisions that are going to be made were his, not those of the cabinet or government.

I am well aware that the measures proposed by the Minister of Labour are probably all he can manage in the present circumstances within the framework of the economic chains that bind him. But I am also aware, Mr. Speaker, that this government has failed miserably to take adequate steps to head off the economic crisis that has precipitated this debate in the house.

It is a funny thing, Mr. Speaker, but even as the Minister of Labour was making his announcement about the increased interest rates the other night, thus increasing housing costs for every Canadian, the Minister of Finance was making another speech in Rio de Janeiro to the International Monetary Fund about the decision of the government to increase Canadian foreign aid.

The Minister of Finance made a rather revealing statement, Mr. Speaker. He said:

> This decision has only recently been reaffirmed despite the efforts which we shall be making by budgetary policies and otherwise to limit the upward pressures on costs and prices to which I have already referred.

I might say I have a copy of his speech before me; indeed, the minister referred to it earlier.

Just imagine, Mr. Speaker, one minister sitting in the House of Commons suggesting measures to increase costs for the average Canadian, while another minister a few thousand miles away is making a pious speech to other ministers of finance, suggesting that we in Canada are going to do everything we can to keep down prices. These two ministers did not even have the decency to make these statements on different days.

As reported at page 3 of his speech, the Minister of Finance said:

> Canada has had its share of difficulties in finding the right combination of policies to achieve our various goals.

Then a little later on he said:

> But it is clear that we have been more successful in maintaining economic growth than we have been in achieving stability of costs and prices. It is our purpose, however, to combine continued growth with price stability—indeed I doubt whether in the long run the one can be achieved without the other—and we intend to make use of every means available to us to restore the balance.

That sort of thing does make one wonder, Mr. Speaker.

As I have said, Mr. Speaker, surely the time has come for a reappraisal of our national economic needs. For example, perhaps it is time to take another look at breaking with the fixed exchange rate system and supporting instead a floating rate. That has been suggested. Perhaps we, as a country, have been tied too long to the federal reserve system of the United States and this is the cause of our trouble. Certainly, some economists say it is.

I should like to see the government set up some sort of inquiry. I have suggested a joint committee of the Senate and House of Commons. After all, if such a committee were able to do the kind of job done by the Senate committee on aging, their report would be very worth while indeed. Let the committee talk to the most knowledgeable men in the country. This is the least we can do for the poor taxpayer no longer able to afford to buy his own home and with no sign of any tax relief on the horizon.

You no doubt know the difference, Mr. Speaker, between the home owner in the United States and the home owner in Canada. In the United States the home owner can deduct interest and real estate taxes paid on his home from income tax. This encourages the person who rents to buy a home of his own since a saving is possible by way of tax deduction for his monthly interest payment.

But no such incentive is given Canadian taxpayers. In Canada, it is cheaper to rent than to buy, and that is certainly true.

If the truth were known, Mr. Speaker, I wonder how many members of the house have already received letters from their constituents in which they say, in effect, that they were going to buy a home but cannot now afford one. I would be very surprised if there was one member in this house who has not received one such letter. Most of us have received many. The impact of this increase is catastrophic, as I said before. I suggest the minister ask some of the people who work in the House of Commons what they think and how this will affect their desire to become homeowners; I think he will get quite a surprise.

• (9:40 p.m.)

I ask this government to stop the finger-in-the-dike principle. Let it set up a committee to look at this question in depth and come up with real solutions. Let us put an end to having a crisis every few months. We do not want, as the Prime Minister said, a crisis so that we can deal with the situation more effectively. There is no need for this country to have a crisis economy. The time has come for common sense. I plead with the government to come to its senses and to come to the aid of the average Canadian who is in deep trouble now, financial and otherwise, as a result of the policies which the government has engendered.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, the debate to this point at least has made one thing clear, namely, that the problem of scarce housing is neither new nor confined to Canada. The quotation of the remarks of Mr. T. L. Church by the hon. member for Saskatoon (Mr. Brand) shows that this subject has busied the Parliament of Canada over many decades. But perhaps the highly publicized awareness of the importance of the problem is new. A provincial election is taking place in Ontario.

I do not think that the peculiar circumstances which have brought about this awareness should cause us to underestimate the genuine problem that exists in the field of housing.

An attempt has been made to suggest that the fourth annual review of the Economic Council of Canada berates the government for allowing a housing crisis to develop. Some of those making this attempt evidently have not read the review. This is quite evident in the exchanges that took place in the committee of supply here, last Thursday, and more particularly, in those exchanges that took place at pages 2586 and 2587 of *Hansard*.

The hon. member for Esquimalt-Saanich (Mr. Chatterton) in moving his motion, quoted part of the most relevant paragraph in the review. Since we are referring again and again to that paragraph I think it would be well to read it in its entirety. It begins at page 133, and reads as follows:

> We estimate that by the end of the 1960's housing starts and completions in Canada will need to rise to annual levels of at least 200,000 units to fully meet the nation's requirements at that time. The increase in the number of new households in 1970 is estimated to account for some 140,000 of these requirements, based on the projections discussed in Chapter 3. In addition, we estimate that replacement demand will have risen to 50,000 units per year by 1970; this is the amount of new building necessary simply to keep the total housing stock intact after allowing for various removals of units from use due to the elimination of substandard housing, population shifts, and changing economic land uses from residential into commercial, industrial, traffic and other public uses. Finally, it is estimated that by 1970 total stock of vacant dwellings available on the housing market would have to increase by roughly 10,000 units per year to provide for a minimum stock of unoccupied housing required to accommodate the mobility of the population and to facilitate a smooth adjustment between the demand and supply for housing. In 1966, with a decline in housing construction under conditions of monetary restraint and reduced mortgage financing, available vacancies appear to have fallen to inappropriately low levels, especially in some of the larger urban areas such as Toronto.

That is the famous paragraph on which so much of our discussion has centered. Let us look at the situation about which the amendment of the hon. member for Esquimalt-Saanich complains.

The hon. member for Vancouver-Kingsway (Mrs. MacInnis), when she spoke earlier today, blurred the distinction between the field of public housing and certain other programs which are similar on the one hand and the field of approved-lender mortgages on the other. We must keep these distinctions clearly in mind because it is to the latter field, not the former, that the 8¼ per cent interest ceiling applies.

Under the amendments made by Parliament in 1964, Central Mortgage and Housing Corporation was authorized to make 90 per cent loans to provinces, municipalities or their agencies for public housing accommodation for low income families or individuals. Provision in those amendments was made for a program of land acquisition and servicing

for public housing purposes, and the corporation was permitted to make loans of up to 90 per cent for this purpose.

To take advantage of these provisions, the provinces had to set up housing corporations. Eight provinces have done this. I cannot help but think that the hon. member for Vancouver-Kingsway should have directed the brunt of her argument more directly to those at whom it should properly have been directed. Frankly, and of her own volition, she ought to have admitted that her own province, British Columbia, had not set up a housing corporation and that some of the difficulties of which she complained could be attributed to this fact. In other words, Mr. Speaker, I think she ought to have been as rough with the Social Credit people as she was with the Liberals.

The corporations in the eight provinces were set up in the period between May 8, 1964 and July 1, 1967. Only one was set up in 1964, the one in Ontario. In 1966 three were set up. On April 6, 1966, the province of Nova Scotia set up the Nova Scotia housing commission. On April 7, 1966, the Prince Edward Island housing authority was established. In 1966 also the Newfoundland and Labrador housing corporation was set up.

Then, in 1967, four other provincial housing corporations came into being. I mention these figures to suggest, sir, that it is a little early to say that the provisions in the amendments of 1964 are not working. Perhaps it is not fair to single Ontario out because, undoubtedly, the housing pressures in Ontario are especially great; yet it can be noted that in Ontario at least 12,000 public housing units have been placed. The total for all Canada has been something like 16,000 units. In other words, approximately three quarters of all the public housing units to date are in the one province that set up its housing corporation in 1964.

The next province, in terms of numbers of public housing units, is Newfoundland and Labrador. This is followed by Manitoba. In Nova Scotia, up to the end of August, 1967, 321 public housing units had been placed.

• (9:50 p.m.)

I say, sir, that the dates on which the corporations were set up and the number of units achieved are significant because they suggest that it is really too early to decide whether the amendments made in 1964 have been successful or have been failures. What is notable is that already in 1967 about $150 million has been provided for public housing projects throughout Canada by the C.M.H.C.

[Mr. Stewart.]

In addition, $52 million has been allocated for student housing; an additional $21 million has been provided for construction of housing for senior citizens; the sum of $55 million has gone for urban renewal; and 29 million for municipal sewage facilities. The total is over 300 million in this year alone toward the areas of greatest social need. Over $300 million has gone for those special kinds of needs in the housing field toward whose cost the taxpayer contributes openly.

This evening we heard the Minister of Finance (Mr. Sharp) say it was to this field of public housing and to related areas of housing requirements that the government was proposing to give special priority.

The ceiling of 8¼ per cent applies in the field of what we call approved lender mortgages. What has been happening in this field is really very plain. The Minister of Labour (Mr. Nicholson) when he made his announcement the other day, and the Minister of Finance tonight, have not attempted to conceal the truth. Those with money to lend have not found the rate of interest attainable sufficiently attractive. They have invested their money elsewhere. Consequently the number of houses built with conventional mortgages or with approved lender mortgages has not been as high as one might have hoped.

Confronted with this situation the government had two options. It could make it possible for approved lenders to lend money at rates more attractive to them. It could have raised the ceiling on the interest rate somewhat. Or, at the other extreme, the government could go out and borrow money itself to permit more and more C.M.H.C. loans at a rate below the open market interest rate. This presumably would have meant that the government itself would have had to pay more for the money it was borrowing. An alternative would have been to increase taxes. But no matter which way the government went about raising this additional money the basic result would have been the same. The taxpayer would be subsidizing the homebuilder to a higher extent.

Frankly, sir, that in itself does not jar me. All kinds of cross-subsidizations take place in our society; and cross-subsidization becomes more and more complex as our society becomes more and more complex. The point that must not be forgotten is that if this second option had been taken the taxpayer would be subsidizing a homebuilder to a higher extent.

I found that the hon. member for Saskatoon was confusing me a little on this point when he came out so strongly on the one

hand against subsidies and, on the other hand, insisted that unless the government reverses its policy the private homeowner will soon be driven out of existence.

An effort has been made to suggest that the high cost of housing is due to the expenditures of the government in other fields. This, I think, shows that the opposition is underrating the genuine seriousness of the problem. As each topic comes up, whether it is the cost of food, the cost of education or the cost of defence, members of the opposition tend to resort to this narrow argument. They tend to insist that if the government would make savings in some other field it would not need to expend as much money on borrowing, and would not need to raise as much in the way of taxes. In other words, by tackling the various phases of government expenditure separately the opposition implies that the budget of the country is made up of watertight compartments. I do not think that is right at all.

We must think of the economy as something like a balloon. If you push it here it is going to bulge there. If you put more money into, let us say, old age pensions, it is going to have its effects on other parts of the economy. That is why the comments which the Minister of Finance made earlier this evening were so relevant, and I was so pleased to note that the members of the opposition were listening so attentively.

Mr. Monteith: To his excuses.

Mr. Stewart: Well, Mr. Speaker, I think what hon. gentlemen opposite are saying is that the Minister of Finance has listened to them too much. One would hope that the advice they are going to give, now that they have adopted their vaunted new look, will be different, particularly if they are going to complain about the results.

Mr. Macdonald (Rosedale): The same old bunch.

Mr. Stewart: Mr. Speaker, let us hope it is not the same old bunch.

The government had to take into account the amount of money that has been put into the property mortgage field over the years by C.M.H.C.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker, one which I raise quite often with respect to hon. members opposite, there is a rule that no member is allowed to read continually a prepared text, and I think that the rule should be applied to the hon. member for Antigonish-Guysborough (Mr. Stewart). Not one word of this is his. He is reading something prepared by somebody else.

Mr. Stewart: Mr. Speaker, the hon. member has made a statement which is quite inaccurate. However, I do not intend to ask that this statement be withdrawn. I think members of the house are quite prepared to appreciate his comment with all the seriousness bestowed upon it by its source.

Some hon. Members: Hear, hear.

Mr. Stewart: Mr Speaker, I should like to read certain figures to you concerning the money put into the housing field by C.M.H.C. over a certain period of years. In 1962 the input was $245 million; in 1963, $376 million; in 1964, $451 million; in 1965, $545 million; in 1966, $664 million; and the budgetary estimate for 1967 is $962,600,000. May I call it ten o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

OLD AGE SECURITY—INQUIRY AS TO POSSIBLE INCREASE IN PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Tuesday, September 26, as recorded in *Hansard* at page 2484, I addressed this question to the Minister of National Health and Welfare (Mr. MacEachen):

> In view of increases that have taken place in the cost of living, and in view of the amendment respecting this matter which was written into the Old Age Security Act in 1965, has it been determined that there will be an increase in old age pensions this coming January and, if so, by what amount?

• (10:00 p.m.)

When I asked the question, Mr. Speaker thought it was not quite appropriate for orders of the day. Accordingly I posted it for one of these late show periods. In asking this question, I wish it to be clear that I am quite aware of the provision in our law under which the old age security pension, also the supplement that is attached to it in some cases, and the Canada Pension Plan are to be escalated. The provision is that each January there can be a percentage increase in these pensions if the consumer price index has gone up by a certain amount for the previous

year. There is a formula in the statute which indicates how this is to be calculated and so on. The statute provides that a consumer price increase of less than one per cent is to be ignored and that a consumer price increase of more than two per cent does not result in an increase in the pension of more than that figure, namely two per cent.

The cost of living index, or the consumer price index as it is officially known, has been rising quite a bit lately. It follows, I have no doubt, that there will be a statutory increase in the old age security pension this coming January. The reason I asked the question was that I was anxious to know whether the necessary regulations had been passed and whether the necessary determination had been made so that an announcement could be made which would let our people know that the increase which is provided for is actually going to take place.

It was also my purpose in asking my question to get a clear statement as to what the amount of the increase will be. I realize that the legislation has in it a ceiling. It says that the increase cannot be more than two per cent in any one year. I should like, however, to express the hope that even after the government has made the announcement, which I trust will now be made tonight, it will face up to the fact that under the present circumstances an increase of only two per cent is hardly fair to our senior citizens

I do not wish to burden this house at this time of night with a great list of figures, but I have one or two which I should like to give. The consumer price index for October, 1963, stood at 133.6. The reason I give the index for that month in that year is because it was in October, 1963, that the old age security pension first became $75 a month. The consumer price index for August, 1967, which is the latest figure I have been able to get so far, stood at 150.9. In other words, from the date the old age security pension was set at $75 a month to the present time there has been an increase in the consumer price index of 17.3 percentage points. I do not wish to confuse anyone by seeming to imply that 17.3 percentage points is 17.3 per cent. So, let me make it clear that when you start out with 133.6 and go up 17.3 percentage points you have made an actual increase of 12.9 or almost 13 per cent.

In the face of this 13 per cent increase in the cost of living since the old age security pension was fixed at $75 a month I plead with the government not to be satisfied with an increase in the old age security pension in January of only two per cent. I suggest that to use the argument that this is all the statute provides is not good enough. I am sure parliament would readily accede to an amendment to the statute to allow for an increase comparable to the increase in the cost of living itself. A 2 per cent increase in the $75 pension will provide an increase of only $1.50 per month. A 13 per cent increase, which would be comparable to the increase that has taken place in the consumer price index, would amount to $10.75 per month. I am aware of the fact that this increase will apply not only to the basic $75 pension but also to the $30 per month supplement in the case of those who meet the income test and are receiving it. In other words, if a person is receiving the $30 supplement he will get an increase of 60 cents as well as the $1.50, making a total increase of $2.10 per month. I am also aware of the fact that those drawing Canada Pension Plan benefits will get the same percentage increase. However, I plead with the government, in the light of the tremendous increases that have taken place in the consumer price index, to realize that it is not good enough to talk now about an increase of only 2 per cent or $1.50 per month in pensions. I hope the government will now make the appropriate announcement as to what is going to be done, and I hope it will also indicate that a way will be found to do better than merely increasing the pension by 2 per cent. Obviously, this is not enough.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I wish to make two points in reply to the question raised by the hon. member for Winnipeg North Centre (Mr. Knowles). First, I should like to draw to the attention of the house that the guaranteed income supplement, which provided for many hundreds of thousands of pensioners a $30 per month increase, must be taken into consideration when one attempts to relate this to the 13 per cent increase that has taken place in the cost of living since the $75 pension was established. In the meantime there have been distinct improvements. Last session we made the largest percentage increase in the old age pension that has ever been made. Certainly, that is a very relevant point.

The second point I want to make has reference to the hon. member's request for an announcement in respect of the calculations that will be in effect. I should like to make such an announcement but the available data upon which we depend for these calculations

is not yet available in final form. I will have to defer making such an announcement a little longer, but I will make it at the earliest possible date.

HEALTH AND WELFARE—PAYMENTS TO PROVINCES UNDER HOSPITAL LEGISLATION

Mr. Ralph Cowan (York-Humber): Mr. Speaker, this afternoon I asked the Minister of National Health and Welfare (Mr. MacEachen) to advise the house whether or not the monthly payments made to nine provinces by the Canadian government under the Hospital Insurance and Diagnostic Services Act are up to date as of September, 1967, and whether the payments to the province of Quebec under the Interim Fiscal Arrangements Act are also up to date as of September, 1967. This question was preliminary to a supplementary question I intended to ask.

I do not have the slightest doubt but that the payments that should be made by the Canadian government to individual provinces on behalf of hospital services are being made in the proper amounts and on time. That is only proper and I am sure that the Minister of National Health and Welfare would see to it that this duty of his department was carried out religiously and accurately.

Over the week end I went to the city of Montreal to visit a married daughter who lives there, a married brother who lives in Beaurepaire, a cousin on the staff of the Montreal Protestant School Board and a niece who lives in Montreal. During that time I visited a large number of friends. During this visitation from Saturday to Sunday I was absolutely scandalized to learn that there are hospitals in the city of Montreal which have not received a single cent from the Quebec government department of health; in the case of three hospitals for over six months and in the case of one hospital for more than a year.

• (10:10 p.m.)

The fact that the department of health of the provincial government of Quebec is not making the normal remittances to cover the operating expenses of these Quebec hospitals is putting the hospitals in dire straits financially. It is not incumbent on me to investigate all the hospitals and I do not have the time to do so. But in this case I had friends on the boards of governors of four of the large hospitals in Montreal and I confirmed the facts that were produced to me. These facts were attested also by members of the medical staffs.

Surely, if the Dominion of Canada is making payments to the Quebec department of health under the Interim Financial Arrangements Act, since Quebec opted out of the Hospital Insurance and Diagnostic Services Act, the taxpayers of Canada are entitled to an explanation as to why the hospitals of the province of Quebec are in dire financial straits at the present time because they are not receiving any payments whatsoever from the provincial government of Quebec against their operating accounts.

I have made inquiries in the proper places and I know that no hospital in Canada outside the province of Quebec has any reason to complain about the speed with which their accounts are covered by the provincial departments of health. This includes the nine provinces outside of Quebec. Why is it that the province of Quebec, where they claim to be so much smarter than the officials of the Department of National Health and Welfare and its minister in Ottawa, where they claim that they can run their own hospital scheme much better than anybody else, is the only province in which hospitals complain that they have had no remittances from the department of health of the province to cover their operating expenses? I believe that the taxpayers of Canada are entitled to an explanation on this score.

We are a very heavily taxed country. The taxpayers of this country realize some of their taxes are being remitted to a provincial government which at no time makes any effort to explain the manner in which those funds are spent in the province, but stands up and makes the statement that the provincial government will establish the priorities under which expenditures shall be made. When this money is provided by the federal government in Ottawa, I think that the taxpayers of Canada are entitled to an explanation as to what is happening to the money the federal government takes from them and turns over to the provinces.

The other nine provinces do not hesitate to explain the manner of spending the federal funds that are entrusted to them under these shared-costs programs for hospital service. Why therefore, can we not get an explanation from the province of Quebec as to why the moneys sent to Quebec city from Ottawa are not used, apparently, for this purpose? I know for a fact that these moneys are remitted every month. They are remitted properly and on time.

Why cannot these federal funds reach the individual hospitals, even if the province of

Quebec decides it is not going to send the proper grants to those hospitals to cover their operating accounts? This policy of opting out of shared-cost programs is endorsed by some people who are not very familiar, I am certain, with human nature or cost accounting, because when a province opts out it then makes the claim that it does not have to explain its expenditures. It does not have to tell the government, in this case the dominion government, how it is spending the money which the government remits to it on the basis that it will be used for hospital purposes.

I know that no moneys are being advanced by the province to these four hospitals. One hospital in Montreal has not received a remittance from the Quebec government for over 12 months and the board of directors are at their wits end. A hospital in Montreal that has hundreds and hundreds of beds only last week had an order with the printers for letterheads, statements and order forms simply to replenish its supplies. The printer asked the hospital for cash on the barrel-head and also asked it to send a truck to pick up the supplies. Suppliers are simply refusing to forward any materials to these hospitals because of the delay in money being remitted by Quebec city.

Is this money being squandered on Expo? We are always hearing tremendous praise of the province of Quebec because of its great contribution which has made Expo such a success. If they have made such a success of Expo by withholding the proper funds from the hospitals which are entitled to the money and are using moneys that are sent to Quebec city by the federal government for hospital purposes, then this is a crying disgrace and I believe the federal government should give an explanation to the taxpayers of Canada as to why the hospitals in the province of Quebec are not receiving the money that the federal government remits to Quebec. Even if the federal government cannot speak for the province of Quebec, surely it can ask for an accounting of its remittances. There are many Canadians in the nine provinces outside of Quebec who take ill in Quebec and who, because of the portability of the hospital schemes in the ten provinces, are treated in Quebec hospitals. I believe that considering the fact that federal funds are being remitted to Quebec for hospital purposes and considering the number of Canadians from the other nine provinces who are treated in Quebec hospitals as a result of accidents or illness which they suffer when travelling through

[Mr. Cowan.]

that province, the federal government is entitled to an explanation as to what is happening to the federal tax moneys being remitted to Quebec for hospital purposes once every month, on time and in full. We know now that the hospitals in Quebec are not receiving grants regularly from the provincial government in Quebec city. I could name four hospitals in Montreal, three of them large, which have not received a cent in six months from the provincial department of health, while another large hospital has not received any remittance from the Quebec department of health in more than 12 months.

This cannot continue and I believe the Canadian government should ask for an accounting of what is happening to the federal hospital funds being remitted to Quebec city under that heading.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): All provinces, except Quebec, submit monthly claims for advances which are paid within a few days of receipt; Quebec being the only province to exercise its right under the Established Programs (Interim Arrangements) Act, submits estimates of cost which, after examination by the Minister of National Health and Welfare, (Mr. MacEachen) form the basis for calculation by the Minister of Finance for tax equalization payments.

As of September 30, 1967, all advance claims received had been paid; three monthly claims had not yet been received at that date (Newfoundland, New Brunswick and Northwest Territories). My colleague, the Minister of Finance, (Mr. Sharp) informs me that the monthly equalization payments for Quebec are up to date.

ROYAL CANADIAN MINT—INQUIRY AS TO PRODUCTION OF CENTENNIAL COINAGE

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, over the last few months, starting in June, I have asked a series of questions on the apparent shortage of new centennial coinage throughout Canada. My reason for asking these questions was that one does not see this coinage in the tills, at the banks or anywhere in Canada, except for the odd coin. I think the idea of 1967 centennial coinage was an excellent one but I do not think that its distribution has been carried out very well. My question related primarily to the west because in the beginning there was some centennial coinage in eastern Canada but very little in western Canada despite inquiries by

banks, commercial institutions and ordinary people as well as coin collectors. It was impossible to get hold of these coins.

When I first made my inquiries the minister replied that regional distribution was not good. I brought it up several more times as I was interested more specifically in the total amount of centennial coinage turned out by the mint as against the total amount of old coinage.

The minister's answer to that question was that this year commercial shipments had been in excess of new centennial coinage by 42 per cent over regular coinage of 1966. If that is so, very little of it ever found its way into people's hands. I am referring to actual shipments. I have asked many people in banks and various stores across the country whether they had seen these new coins, and many of them had not even had a peek at a penny.

• (10:20 p.m.)

There is no question in my mind that there has been a serious shortage. I do not care what the minister's figures are. I tried to follow up my question about the 42 per cent increase this year with a supplementary and to ask whether the centennial coinage was proportionate to the ordinary minted new coinage, but I received no answer. Perhaps I will get one tonight.

Then to cap it all, Mr. Speaker, today I asked the minister whether the mint had cut off the supply of coinage. I asked the same question in not just one or two but a number of banks, and I was told: "We have not seen any new coins for the last three or four months". This has been the answer I received in many branch banks, and one of the main branches in Ottawa even went further than that. They have not seen any despite the fact they have probably asked for them. I take it that the normal currency outlet for new coinage is the banking institutions.

As I say, Mr. Speaker, today I asked the minister whether production of this centennial coinage had been cut off at the mint, and his answer was no, but in fact the intention was to supply currency needs with 1967 coinage and not to carry the design forward into 1968.

The sort of question I am asked in correspondence and other media is: Where is this coinage? We have all heard lots of stories about large shipments going here, there and everywhere. If you apply for new coinage in sets, you are told you can get new coinage in sets from the mint. But this is only soft pedalling the question. I am talking about 1967 coinage for the normal use of the people of Canada.

I do not know whether there is any answer or whether the government intends to push the mint and to tell them to grind it out. Or perhaps they will just stick to the coin sets. But the fact of the matter is that very few of these new 1967 centennial coins have been issued and are in circulation in Canada.

Hon. Jean Chrétien (Minister without Portfolio): Mr. Speaker, in reply to the question put by my hon. friend, we did make an inquiry of the mint and I am glad to reply that the mint has been manufacturing and will continue to manufacture coins bearing the centennial wild life designs until December 31, 1967. These coins will be distributed across the nation through the agencies of the Bank of Canada.

At the present time the mint has three full shifts employed in the coining and medal division. It is turning out approximately 12 million pieces per week of the various denominations. This is supposed to be sufficient to meet the requirements of the public.

They assure me that the procedure is to distribute the coins across the country in the normal manner. I do not know whether people such as collectors intervene in this process, but they do manufacture 12 million pieces per week and should be able to satisfy the demand. They cannot do more than this. As I say, they are working three shifts a day, so the mint is doing its best.

The matter raised by the hon. member tonight will be studied, and I hope that all those who want these new coins will be able to get them before the end of the year.

Mr. Pugh: Might I ask the minister a question? Could he say how long this production of three shifts has been going on?

Mr. Chrétien: For this design they would continue to the last day of the year, December 31.

Mr. Pugh: When did it start?

Mr. Chrétien: I cannot tell you, but they probably started at the beginning of the year.

Motion agreed to and the house adjourned at 10.27 p.m.

HOUSE OF COMMONS

Tuesday, October 3, 1967

The house met at 2.30 p.m.

HEALTH AND WELFARE

MEDICARE—DISCUSSION WITH PROVINCES BEFORE ESTABLISHING PRIORITIES

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to direct a question to the Minister of Finance. In the light of the concern of the provinces over the cost of medicare, will the minister review medicare proposals with the provinces before establishing priorities, as mentioned in his speech last evening?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I would think a question of this kind which relates to government policy in general should be directed to the Prime Minister rather than the Minister of Finance. I can assure the hon. member that all expenditure programs are under very careful review. I shall take into account his suggestion that we should consult with the provinces.

NATIONAL DEFENCE

NATO—PROPOSED PLACING OF NUCLEAR MINES ON TURKISH BORDER

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question I wished to address to either the Prime Minister or the Secretary of State for External Affairs, neither of whom is in his seat. Perhaps one of the parliamentary secretaries will draw this question to the attention of one or the other of them for answer tomorrow.

In view of reports that the nuclear planning group of NATO, of which Canada is presently a member, met in Ankara last Friday and debated a Turkish proposal for nuclear mines to be laid on the eastern border of Turkey with the Soviet union, can the Prime Minister or the Secretary of State for External Affairs inform the house what position the Minister of National Defence, who was our representative in that group at this meeting, took on behalf of Canada in respect of this proposal? May we also have the assurance that Canada will vigorously oppose this dangerous proposal, since it is clearly against the spirit of the non-proliferation policy which Canada has supported?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I will be glad to draw this question to the attention of the Prime Minister.

[*Translation*]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wanted to direct a question to the Secretary of State but, in her absence, I will put it to the Acting Prime Minister (Mr. Hellyer).

Could he tell us if the organization called T.E.Q., that is the Student Workers of Quebec, has received subventions from the federal government since the Company of Young Canadians was set up?

Mr. Speaker: I think that question should be put on the order paper.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a question to the Minister of Finance.

Last night the minister said that the increase in the interest rate for housing was designed to attract foreign investments in Canada. Could the minister tell us where the foreigners take the funds they invest in Canada and, on the other hand, where does Canada draw the funds it invests in foreign countries?

Mr. Speaker: This question should be placed on the order paper.

[*English*]

EXTERNAL AFFAIRS

ACCEPTANCE BY CANADA OF GREATER RESPONSIBILITY IN PACIFIC AREA

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question was for the Secretary of State for External Affairs,

but in his absence perhaps one of the parliamentary secretaries could answer it. Has the Canadian government received an invitation from trade and industry minister Takeo Miki of Japan to become a founding member of an "Asia-Pacific sphere" and to accept greater responsibility in that area?

Mr. Speaker: Order. I doubt whether this is a question of immediate urgency. I do not think the question is in order at this time.

FINANCE

INQUIRIES AS TO PROPOSED REDUCTION IN GOVERNMENT EXPENDITURES

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the opinion of the Canadian Economic Council that taxes will have to be raised if the present rate of government expenditures continues, and the contribution these expenditures are making to inflation, is it the intention of the government to reduce its expenditures and bring them more in line with its income?

Mr. Speaker: Order, please. I would think this question is much too large in scope and cannot be asked at this time.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I wish to direct a related question to the Minister of Finance. Could the minister tell the house when we may expect to be provided with a list, or when he may be in a position to make a statement outlining the various items of the estimates which have been reduced in accordance with the survey to which the minister recently referred?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, in any statements I have made either in this house or outside I have been referring to the study that is under way of the spending estimates for 1968-69. Those will be submitted to the house for study as soon as they have been approved and presented, in the usual manner. Our endeavour for this year is to stay within the financial program that I outlined in our budget.

Mr. Fulton: A supplementary question, Mr. Speaker. I take it from the minister's answer that there is no attempt to reduce the spending as outlined in the estimates for this year?

Mr. Speaker: Order, please. I suggest to the hon. member that the supplementary question is argumentative.

[Mr. Johnston.]

Mr. Fulton: I assure you, sir, that I am just seeking information. I will try to phrase my question in another way. I would like to be certain about this in order that there may be no misunderstanding. May we take it from the minister's statement that the efforts to reduce expenditures do not apply to this year's current estimates?

Mr. Sharp: Mr. Speaker, I can assure the hon. gentleman that to keep our expenditures within our program as outlined to this house will require considerable economies. But our main effort is to see that in the coming fiscal year we are working toward a closer balance between expenditures and revenues, because I think that will be appropriate to the circumstances we will face in that year, and to reduce our borrowings as far as possible so that we do not make excessive demands upon the market.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a supplementary question arising out of the minister's answer to my colleague from Kamloops and the statement made last night by the minister. The minister said that the allocation of priorities would be not from the top but through the reduction or dropping of programs. Could the minister indicate to the house whether there will be any dropping of programs in order to keep expenses within the budgetary provisions of this year?

Mr. Sharp: Mr. Speaker, there are some expenditures the government is not undertaking this year that we had otherwise planned to undertake.

Mr. Lambert: A further supplementary question, Mr. Speaker. Will the minister, in the next few days during the budget debate, indicate to the house which programs and expenditures have been pared?

Mr. Sharp: I expect I shall be participating in the budget debate at the opening. My colleague the Minister of National Revenue will be dealing particularly with the efforts, the very successful efforts, that have been made during his term of office at least to keep expenditures under control and to eliminate those that are now obsolete or unnecessary.

Some hon. Members: Hear, hear.

CANADIAN NATIONAL RAILWAYS

BRITISH COLUMBIA—PROPOSED REDUCTION IN PASSENGER SERVICE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Minister of Transport and ask him whether he is aware of the fact that a few days ago the Canadian National Railways made a decision to reduce the frequency of their passenger service along the Prince Rupert to Prince George line from the one train a day schedule to three trains a week; and if he is aware of this, could he indicate what steps he might take to make representations to the C.N.R. to induce them to change it?

Mr. Speaker: I think the question should be placed on the order paper. In any event the hon. member has made a representation to the minister.

POLLUTION

INQUIRIES AS TO FEDERAL JURISDICTION OVER CONTROL

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. In view of the announcement that the new fuels research centre will be investigating the suppression of atmospheric pollution, is his department taking over responsibility for air pollution control?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): No, Mr. Speaker.

Mr. D. V. Pugh (Okanagan Boundary): I have a supplementary question, Mr. Speaker. Is there a federal authority with continuing jurisdiction to inquire into pollution in international water systems such as the Okanagan system?

Mr. Speaker: Order. This question should be put on the order paper.

Mr. Robert Muir (Cape Breton North and Victoria): I have a supplementary question for the Minister of Energy, Mines and Resources. Can he tell us whether the government has taken any further action to co-ordinate all matters of pollution within one department?

Mr. Speaker: Order. I would think this is the type of question which should not be asked at this time.

[*Later:*]

Mr. Muir (Cape Breton North and Victoria): My question is directed to the Prime Minister. May I ask the right hon. gentleman whether it is the intention of the government to place matters concerning air and water pollution under one department?

Right Hon. L. B. Pearson (Prime Minister): It is important, Mr. Speaker, to have these matters co-ordinated, and they are being co-ordinated.

[*Translation*]

AIRPORTS

MONTREAL—COST OF TRANSPORTING HAND BAGGAGE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a question to the Minister of Transport (Mr. Hellyer).

As the Montreal airport is the only airport in Canada where luggage porters charge a fixed amount for each piece of luggage carried, would the minister tell us whether he has received representations for the removal of this obligatory charge and can he apprise us of the intentions of his department in that respect?

Mr. Speaker: Order. May I suggest to the member for Lapointe that this question is not urgent enough to be acceptable at this time and, further more it could easily be put on the order paper.

Mr. Grégoire: At ten o'clock, Mr. Speaker.

[*English*]

PUBLIC WORKS

TORONTO—INQUIRY AS TO AVAILABILITY OF FUNDS

On the orders of the day:

Mr. Stanley Haidasz (Parkdale): Mr. Speaker, I should like to ask the Minister of Finance what funds are presently available to the city of Toronto for the construction of Toronto's centennial project, the St. Lawrence centre for the arts; and could he also inform the house as to the site for the construction of the C.B.C. building.

Mr. Speaker: Order. The hon. member is asking for statistical information and this type of question cannot be asked at this time.

Mr. Haidasz: Ten o'clock, Mr. Speaker.

Inquiries of the Ministry

CANADIAN CONSTITUTION

INQUIRY AS TO REPORTS BY DEPARTMENTAL COMMITTEES

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address my question to the right hon. Prime Minister and ask him whether the government has recently received a report from the committee set up last June 26 as indicated by the Prime Minister at that time to make an economic investigation into the interrelation between Quebec and the rest of the country.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in reply to the question of the Leader of the Opposition I would like to say I will have to look into the matter. I do not think that report has been received.

Mr. Starr: I have a supplementary question. While the Prime Minister is looking into the matter, can he also find out how many committees within the various departments are at present working on matters affecting the constitutional structure of Canada, and what reports if any are available from them?

Mr. Pearson: I will be glad to look into that. If my memory serves me right I think I did make a statement on this matter in the house last June, but I will be glad to look into the whole question.

FISHERIES

POSSIBLE ACCEPTANCE BY RUSSIA OF NORTH PACIFIC SALMON TREATY

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In his discussions with the minister of fisheries of the Soviet union was the possibility of the U.S.S.R. entering into the north Pacific salmon fisheries treaty discussed, and did the Soviet union indicate willingness to join that treaty?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, the matter referred to by the hon. member was discussed between the minister of fisheries of the U.S.S.R. and myself during his recent visit to Canada which concluded yesterday.

AIR TRANSPORT

SERVICE TO ATLANTIC AREA BY CANADIAN PACIFIC AIRLINES

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I wish to direct a question to the Minister of Transport. Will the minister take a fresh look at government policy which now prevents Canada's other major air line from serving Atlantic Canada?

Mr. Speaker: Order, please. The hon. member is making a submission to the minister. I do not think this can be accepted in the form of a question at this time.

Mr. McCleave: With respect, Mr. Speaker, I was not making a submission. I was asking for an answer, but I will put the matter down for ten o'clock if I do not get the answer now.

NATIONAL DEFENCE

REPORTED DISCONTINUANCE OF RESERVE TRAINING AT UNIVERSITIES

On the orders of the day:

Mr. Jack A. Irvine (London): Mr. Speaker, I have been awaiting the return of the Minister of National Defence in order that I might ask him a very important question, but because of the urgency perhaps I may direct it to the right hon. Prime Minister. In order to settle the uncertainty prevailing in universities all across Canada will the Prime Minister say whether it is the intention to continue reserve army training at Canadian universities?

Hon. Paul Hellyer (Acting Minister of National Defence): Mr. Speaker, as the acting minister I may take this question. A decision has been taken by the federal government which is being made known to the universities at the present time. I am not sure whether that has been completed. Just as soon as possible a public announcement will be made.

Mr. Lloyd R. Crouse (Queens-Lunenburg): As a supplementary question, when that announcement is made how many officers in training under the Canadian officers training corps and the regular officer training plans will be affected by the change?

Mr. Speaker: Order. This question is too detailed. Perhaps I should suggest that unless the Minister of Transport is answering questions in his capacity as Acting Minister of National Defence he cannot be asked questions relating to that department.

Mr. Hellyer: Mr. Speaker, in order to set the record straight I wish to say that was the capacity in which I was acting.

Mr. L. M. Brand (Saskatoon): Mr. Speaker, as a supplementary question I would like to ask whether the Acting Minister of National

Defence is aware that this has already been announced, certainly at least in the University of Saskatchewan.

Mr. Hellyer: I am not surprised that there might have been some discussions at some places across the country, but to my knowledge no public announcement has been made. I will certainly check, and see that an announcement is made as soon as possible.

Mr. Fulton: As a further supplementary question, would the minister not think it appropriate—

Mr. Speaker: Order, please.

An hon. Member: You are not in your proper seat.

[*Later:*]

Mr. Hellyer: May I correct an answer I gave earlier with respect to the university reserve training program. The press release did go out yesterday indicating that the program was being discontinued at the end of next year. About 1,000 students are affected, but they will complete the training for which they are enrolled. In addition the department plans to work out in co-operation with the Canadian universities the subsidization of chairs of strategic studies at several universities across the country. We feel that in this way we shall be able to make a contribution to the study of areas related to defence policy which will considerably benefit the academic world as well as the Canadian people in their discussion of defence matters.

Mr. Irvine: A supplementary question to the minister with regard to the university training arrangements. Will an award for the first year of enrolment be forwarded to the universities concerned to cover the current year?

Mr. Hellyer: There will be no enrolment this year but current students will be carried through to the end of their course at the end of the present academic season.

Hon. D. S. Harkness (Calgary North): Having in mind the long period during which this officer training plan has been in effect in the universities and the great contribution it has made to the provision of officers for our forces, can the minister tell us why it is being abolished?

Mr. Speaker: The question is not in order.

Mr. Brand: I should like to ask the Acting Minister of National Defence whether, in view of the fact that the C.O.T.C. and the R.O.T.P are being discontinued while the U.N.T.D. is not—certainly not in Saskatoon—a statement will be made in the near future to clarify the whole matter.

Mr. Hellyer: I think the hon. member will find that all the plans are being discontinued, if not at the same time then by the end of next year. Officer candidates will then, in some areas, be trained in the local reserve units.

Mr. MacInnis (Cape Breton South): Nonsense.

Mr. Hellyer: These will be the source of trained officers for the militia and reserve units. It was felt that the original purposes of these plans were no longer being served at the present time and that the resources involved could be more effectively spent in other ways.

HIGHWAY SAFETY

IMPLEMENTATION OF RECOMMENDATIONS OF RECENT CONFERENCE

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I wish to direct a question to the Minister of Transport. Now that the government has had many months to study the recommendations of the conference on highway and automobile deaths and injuries, convened by the Minister of Industry some months ago, I would ask him if it is the intention of the government to implement any of its recommendations in the near future.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I expect that an announcement will be made by the government within a very few days.

Mr. Grafftey: If I may ask a supplementary question on that very subject, now that the United States federal government has enforced safety standards for motor vehicles is it the intention of the Canadian government to publish and enforce Canadian specifications and regulations in this regard?

Mr. Hellyer: Mr. Speaker, I should hope we would be able to deal with that point in the announcement when it is made.

Inquiries of the Ministry

AIR CANADA

MONTREAL—APPOINTMENT OF CONCILIATION OFFICER IN LABOUR DISPUTE

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of Labour. Has he received a request from the international association of machinists in Montreal that a conciliation officer be appointed to look into a dispute between the workers at Air Canada and the company, and has such an officer been appointed as yet?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, my recollection is that I did receive such a request, but I will have to take the question as notice.

DEFENCE PRODUCTION

REPORTED DECISION OF ROYAL NAVY NOT TO PURCHASE CANADIAN SONAR SYSTEM

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of Defence Production. Has the British government informed the Canadian government that the Royal Navy has found the Canadian designed and produced variable depth sonar system unsuitable for Leander class frigates, and that they are not going to purchase this equipment?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, we have not received any such communication from the government of the United Kingdom. My department currently is trying to check the authenticity of reports to this effect which have appeared in the press.

Mr. Harkness: Do I understand, Mr. Speaker, that there is definitely no official intimation from the British government that this is the case?

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

Hon. Marcel Lambert (Edmonton West): A supplementary question, Mr. Speaker. Can the minister inform the house of the quantity of these units. Are there 25 or 50?

Mr. Speaker: Order, please. This is detailed information which cannot be asked for at this time.

Mr. Heber E. Smith (Simcoe North): A supplementary question, Mr. Speaker. When the minister answered this question his announcement seemed to carry a certain degree of authenticity. Would he tell the house whether the British are abandoning this detection device because the theory or principle is wrong, or because manufacturing costs have become so high that they cannot afford it.

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

NATIONALIST CHINA—RESULTS OF UN SPEECH BY CANADIAN MINISTER

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): My question is directed to the Prime Minister. Has the foreign office of nationalist China asked the Canadian government for an explanation of the two Chinas speech which was made at the United Nations last Wednesday by the Secretary of State for External Affairs?

Right Hon. L. B. Pearson (Prime Minister): Not to my knowledge, Mr. Speaker. The speech made by my hon. friend last week was, in this respect, similar to the one made one year ago. If that government had wanted an explanation, undoubtedly they would have asked for it before now.

Mr. Sherman: A supplementary question, Mr. Speaker. Can the Prime Minister tell the house whether, as the result of this speech, the premier of nationalist China, C. K. Yen, is to cancel a scheduled visit to Canada?

Mr. Pearson: Mr. Speaker, I understand that the cancellation of the visit of that particular gentleman has been attributed by the Chinese foreign office to the exigencies of the situation in the government of Taiwan. I am anxious, as we all are, to have a visit from a representative of that government. We still hope that will be possible.

Mr. David MacDonald (Prince): A supplementary question, Mr. Speaker. Can the Prime Minister tell the house whether in recent days there has been any other communication from the government of Taiwan respecting self determination for that country?

Mr. Pearson: Not to my knowledge. I should be glad to look into it, to see if one has come.

[*Translation*]

EXPO '67

USE OF SITE ON CONCLUSION OF EXHIBITION

On the orders of the day:

Mr. Georges C. Lachance (Lafontaine): Mr. Speaker, may I put a question to the right hon. Prime Minister?

On his visit to Montreal last Saturday evening as the guest of his honour the mayor of Montreal, and Expo authorities, was Expo discussed and, if so, what were the results of the discussions? Does the right hon. Prime Minister intend to advise the house on the matter in the near future?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): No discussions have taken place as the result of our meeting of last Saturday, since that was a social occasion when the government was happy indeed to be so wonderfully entertained by the mayor of Montreal. So far as the disposition of Expo buildings and the possible use of the Expo site after the end of Expo are concerned, these discussions are going on at the present time. I hope that before long it will be possible to make an announcement.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Can the right hon. Prime Minister tell us whether steps have been taken to use the Expo grounds as the site of a French university?

[*English*]

LABOUR RELATIONS

TORONTO—ADMISSION OF AVIATION FUELING FIRM SUPERVISORS

On the orders of the day:

Mr. David Lewis (York South): I wish to direct a question to the Minister of Manpower and Immigration. Has he received a telegram from the chairman of the negotiating committee of the local of the international association of machinists in Toronto protesting the admission to Canada of some 15 supervisors for the firm of Consolidated Aviation Fueling of Toronto Limited, who would work in Toronto in the face of a lawful strike of the employees of the firm? If so, what steps has the minister taken?

Hon. Jean Marchand (Minister of Manpower and Immigration): I have not yet seen any telegram, though perhaps one has been received in my office. But I have heard about this problem; I am awaiting a report, and I hope that tomorrow I shall be in a position to tell the hon. member what we are doing in this field.

Mr. Eldon M. Woolliams (Bow River): A supplementary question; maybe the Prime Minister will wish to answer it. Can the right hon. gentleman give the house any information about the position of the Woods committee report on labour and management relations, or give us any indication as to its contents? When will this report be available?

Right Hon. L. B. Pearson (Prime Minister): I have been pressing for a report from this important task force. I hope an interim report will be made before the end of the year, and that the work will be completed in 1968. I am expecting an interim report before the end of this year.

NORTHERN AFFAIRS

STEPS TO CONTROL IMITATIONS OF ESKIMO AND INDIAN ART

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of Indian Affairs and Northern Development. What action has the government taken to control the flood of cheap imitations of Eskimo carvings which has been pouring on to the Canadian market recently?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): We have been engaged in a study of the protective measures we can take to preserve the integrity of Eskimo carvings and Indian art work. This has progressed to a point at which a report has now been received from the man to whom we gave the contract, and I hope we shall be in a position to move in the direction indicated by the hon. member at an early date.

Mr. Dinsdale: Has the government made any representations to the enterprisers operating in this field, pointing out to them the basic importance of this industry to the Eskimo economy?

Mr. Laing: We have done that in some of the more remote areas where patterns of clothing have been copied from Eskimo designs, but for those who are heavily engaged in this practice I believe something more than exhortation is required.

Inquiries of the Ministry

FINANCE

CONSIDERATION OF TAXATION REPORT BY JOINT PARLIAMENTARY COMMITTEE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is addressed to the Minister of Finance. On Friday last I asked the Secretary of State for External Affairs, who was then leading the government, whether the government would give favourable consideration to referring the content of the Carter report and related provincial reports on taxation to the committee on finance, trade and economic affairs, or to a special Senate-House of Commons committee, for study prior to the presentation of a government white paper. Would the hon. gentleman care to comment?

Hon. Mitchell Sharp (Minister of Finance): Since the Carter commission was appointed not by us but by the government of which the hon. gentleman was a member I feel it would be better and more in the interests of the expedition of business here if the committee to which this subject was being referred were to have before it for consideration not only the recommendations of such a commission but the recommendations of the government.

Mr. Lambert: Perhaps the minister would also consider the impact of provincial reports on related subjects, since—

Mr. Speaker: Order. This is obviously not a question.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Do I understand the minister to suggest that the committee would have before it only the government's white paper, not the report?

Mr. Sharp: No, Mr. Speaker. At that time the committee could have before it any documents it wished. I feel it should have before it the government's recommendations, at any rate. It will, of course, also have the Carter commission report, which is public property and which can be referred to the committee at any time.

TRANSPORT

SECOND FERRY SERVICE BETWEEN NOVA SCOTIA AND NEW ENGLAND

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I have a question to direct to the Minister of Transport. In view of the importance of the tourist industry to the Atlantic provinces, can the minister give us any indication of the progress being made toward establishing a second ferry service between the United States and Nova Scotia?

Hon. Paul Hellyer (Minister of Transport): I am not in a position to report on that at the moment.

Mr. Crouse: Has a request been received by the Minister of Transport from a group in Gloucester, Mass., seeking federal assistance in connection with the establishment of a ferry terminal in Nova Scotia?

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

RHODESIA—POSSIBLE REVIEW OF CANADIAN POSITION ON SANCTIONS

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): My question is directed to the Secretary of State for External Affairs; it relates to Southern Rhodesia and to the answer the hon. gentleman gave the other day to a question by the hon. member for Okanagan-Revelstoke. Will the minister tell the house what further serious sanctions he has in mind in an attempt to cripple the economy of Southern Rhodesia?

Hon. Paul Martin (Secretary of State for External Affairs): As I indicated in my reply the other day, these are matters which, first of all, we would want to have discussed in the sanctions committee which normally meets in London. Likewise we would wish to consider them in consultation with other countries at the United Nations when this question comes before the security council.

Mr. Churchill: The minister refers often to "the illegal government of Southern Rhodesia". Is he contemplating similar sanctions against other illegal governments?

HOUSE OF COMMONS

CONSIDERATION OF COMMITTEE REPORT ON ELECTION EXPENSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Will the report of the committee on election expenses be referred at an early date to the committee on privileges and elections? May I also ask whether the

government intends that there shall be legislation at this session on the subject of election expenses?

Right Hon. L. B. Pearson (Prime Minister): I would be glad to consider referring the report to the appropriate committee; I see no reason why that should not be done. As to the latter part of the question, I doubt whether we shall have an opportunity at this particular session to deal with this matter, but I certainly hope we shall be able to deal with it before the next election. Of course that gives us a good deal of leeway.

[*Translation*]

HOUSING

INQUIRY AS TO FURTHER GOVERNMENT ACTION

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to put a question to the hon. Minister of Labour.

In view of the surprise and concern displayed by the various provincial ministers of finance on hearing the recent announcement that the rate of interest for housing loans would be increased up to 8¼ per cent, is the government considering, in the near future, to change or to alter its position and to bring about some other solution that could help and improve this situation?

Mr. Speaker: Order. The hon member is now asking a question that might more conveniently be put in the course of the debate which is going to take place this afternoon.

[*English*]

NORTHERN AFFAIRS

CONSTRUCTION OF ACCESS ROUTES THROUGH ALASKA PANHANDLE

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I ask the Minister of Indian Affairs and Northern Development whether talks are under way or are to be undertaken with the government of the United States with regard to the construction of new access routes through the Panhandle to tidewater.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): There has been a great deal of publicity about additional means of access through the Panhandle. The unfortunate thing is that there seems to be no practical additional access as such. There are no discussions going on at the present time with the United States in respect of obtaining further access through the Panhandle. We have been engaged in discussions in respect of the Haines highway, and we are making a very worth while contribution in respect of those matters in which we have a particular interest at Skagway.

Mr. Frank Howard (Skeena): Mr. Speaker, I have a supplementary question for the Minister of Indian Affairs and Northern Development about access through the Panhandle. I should like to ask the minister when he will be making public the report of the study group which I believe was appointed by his predecessor or perhaps by himself on the question of access through the Alaskan Panhandle.

Mr. Laing: Mr. Speaker, there was not in my time anyone appointed to make an investigation concerning the possibility of access through the Panhandle. There is a committee which was appointed by myself about four years ago in respect of northwestern transportation. This committee makes reports to the government. These reports so far have not been made public.

FORT SMITH—INQUIRY AS TO HOUSE CONSTRUCTION

On the orders of the day:

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I have a question I should like to direct to the Minister of Indian Affairs and Northern Development. Can the minister inform this house when he expects tenders to be called for the construction of 30 houses, prefab or precut, at Fort Smith in the Northwest Territories.

Mr. Speaker: Order. This question could be placed on the order paper.

[*Translation*]

HOUSE OF COMMONS

ABSENCE FROM CHAMBER OF MEMBER FOR YUKON

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I wish to raise a point of order under standing order 6, due to the fact that the member for Yukon (Mr. Nielsen) has been exercizing his right to speak in the last few days even though he has been away from this house for one year.

This is quite serious, Mr. Speaker, because I feel parliament becomes a huge joke if this fact is overlooked.

Inquiries of the Ministry

Standing order 5 reads as follows:

Every member is bound to attend the service of the house, unless leave of absence has been given him by the house.

Having been absent for one year, the member for Yukon has shown the same irresponsibility—

Mr. Speaker: Order. The hon. member must know that under the standing orders, he must resume his seat when asked to do so by the Chair.

Some hon. Members: Hear, hear.

Mr. Speaker: I greatly doubt that the point of order now raised by the hon. member is in order. I think that the matter which he stated should rather be submitted to the house, if he wishes to do so, by way of a question of privilege.

At any rate, this is my opinion which I am expressing without having thoroughly considered the suggestion. If the hon. member wishes to leave that matter in abeyance, I could eventually give my opinion thereon.

Mr. Choquette: Now, Mr. Speaker, I respectfully submit that I will rise to-morrow I think on a question of privilege.

Mr. Speaker: Order.

[*English*]

Hon. Gordon Churchill (Winnipeg South Centre): I rise on a question of privilege. When you are considering that very important point, Mr. Speaker, would you also take into consideration the matter of whether a member of this house who has sworn allegiance to the Queen should introduce a measure advocating the abolition of the monarchy and the establishment of a republic.

Some hon. Members: Hear, hear.

HEALTH AND WELFARE

MEDICARE—REQUEST FOR REVIEW OF LEGISLATION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Can the minister say whether the government, since approval of the medicare bill, has received representations from any province concerning a review or reconsideration of any of the provisions of this legislation?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I do know that following the premiers' conference this summer there was a request to the Prime Minister to convene a conference on the subject of medicare. I will be happy to advise my hon. friend later what the present situation is in respect of that request.

Mr. Chatterton: I have a supplementary question, Mr. Speaker, addressed to the Prime Minister. Can the Prime Minister say whether the request of the provinces will be acceded to, and if so when such a conference might be called.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will have to look into the matter and discuss it with the minister.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—REAPPRAISAL OF DESIGN

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, my question is for the Minister of Public Works. Can he advise whether the energies and abilities of Colonel Edward Churchill are now being directed to the Northumberland causeway project? If so, has his department been able to make more rapid progress in the current reappraisal of the design?

Hon. G. J. McIlraith (Minister of Public Works): The answer to the first part of the question is yes. The answer to the second part is that we are making very rapid progress in re-examining the design.

VETERANS AFFAIRS

INQUIRY AS TO INCREASES IN PENSIONS AND DISABILITY ALLOWANCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a very simple and brief question to the Minister of Veterans Affairs. Has the minister anything further to report in respect of government policy relating to an increase in disability pensions and war veterans allowances?

Hon. Roger Teillet (Minister of Veterans Affairs): Not at this moment, Mr. Speaker.

SUPPLY

The house resumed, from Monday, October 2, consideration of the motion of Hon. E. J. Benson (Minister of National Revenue and

President of the Treasury Board) for committee of supply and the amendment of Mr. Chatterton (p. 2710).

HOUSING—ALLEGED FAILURE OF GOVERNMENT POLICY

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, we have before us this afternoon a motion to the effect that the present government does not enjoy the confidence of this house.

Some hon. Members: Hear, hear.

Mr. Stewart: I see, Mr. Speaker, that I have summed up the situation reasonably accurately. The arguments put forward by hon. gentlemen opposite in support of their motion have centred around the important problem of housing. The house is being told by the opposition that the high cost of housing can be traced to high expenditures made by the government. The high cost of land for building, the high cost of developing building lots, the high cost of building materials and the high cost of labour for construction we are being told can be traced to expenditures made by the government through such things as higher pensions, assistance to education, additional payments to provinces and the like.

We are being told that the genuine top priority in the Canadian political spectrum in the last five years ought to have been housing, and that this genuine top priority has been neglected. We are being told now that more money ought to have been put into the housing field by the government, or that the government ought to have expended less money for other purposes.

At the time of the adjournment yesterday I had placed before the house figures showing the financial input into the housing field through C.M.H.C. during a span of years. The figures I placed before the house showed that this input has grown from approximately $245 million in 1962 to a budgetary estimate of $962 million in the present year. In the light of these accelerating expenditures we must assume that what the opposition is alleging is that less money ought to have been spent on other programs.

• (3:20 p.m.)

What would lend credibility to that argument of the opposition—indeed, the only thing that would lend credibility to their argument—would be if one of their spokesmen rose at this point in the debate and put before the house a list of the major expenditures made during the past four years which the opposition now believes were mistakes. I invite one of their spokesmen to rise at the appropriate time and put before this house and the country just such a list of major expenditures. I refer to major expenditures, because clearly there would be minor expenditures about which there would be disagreement among the ranks of the opposition and perhaps even on this side of the house. We are talking about considerable sums of money here, so if their argument is to be of any importance at all it must rest upon a list of major expenditures they believe ought not to have been made.

The opposition simply cannot have it both ways. They cannot plead for increased government expenditure for various kinds of pensions, for greater assistance in the field of education, and for a better share of the Canadian tax dollar for provincial governments, and then say that these expenditures are improperly driving up the cost of housing. I invite the next spokesman or some other member of the opposition to resolve the dilemma in which their argument, as so far developed, has placed them.

The need for housing, the need for shelter, is so great that at times like this we are sometimes deluded into ignoring certain major, fundamental economic and social facts and considerations. What I want to do this afternoon is to put before you very briefly three or four of these considerations.

The first of these is that if the amount of housing land is limited and if the bulk of construction equipment and construction skill is being used, no additional amount of money poured into the housing field will produce more homes. All this money will produce will be genuine inflation.

Yesterday the hon. member for Esquimalt-Saanich quoted from the fourth annual review of the Economic Council of Canada. He referred to page 264 of that review, and I should now like to read the paragraph to which he referred because it bears directly on this point. The review states:

> Of all the major sectors of the economy, none will have to grow more rapidly than housing—at least to 1970, and perhaps even throughout the 1970's. This is a matter of major national importance if a growing housing shortage is not to become a serious national problem. Greatly increased physical resources will therefore be required in this field, including a substantially enlarged working force with appropriate skills and

considerably enlarged capital and residential construction capacity. A large and sustained volume of residential mortgage financing will also be required.

You will notice that it is only in the final sentence of the paragraph that the matter of residential mortgage financing is mentioned. Clearly the economic council does not regard a large and sustained volume of residential mortgage financing as the prime consideration in producing a large number of houses such as will be necessary by 1970 and beyond. Other factors are involved, but the debate as so far presented by the members of the opposition seems to have glossed over the other factors which evidently in the view of the Economic Council are more important and probably more difficult to provide. Certainly the money to finance housing is important, but it is also very important that we face up to the problems created by scarce land, scarce skills and scarce facilities. We do not face up to these things when we simply talk about the interest rate at which approved-lender mortgages may be obtained.

The second thing that tends to evade us is the inevitability of the high cost of housing in great metropolitan areas. When I listened last night to the hon. member for Saskatoon I thought of the Carnegies and the Fricks of New York. Perhaps the hon. member did not put this in categorical terms, but he said in effect that every family had a right to a plot of land, a garden and the other nice things one thinks of when he envisages such a plot of land. I wonder how the Carnegies and the Fricks of Manhattan would have felt about that when they gave up their houses in the centre of Manhattan. I think we simply have to face up to the fact that at the core of these great metropolitan areas it is impossible to have houses surrounded by a half acre of grass or other improvements reflecting one's horticultural ambitions. This is simply a fact of economic life.

The third point we must remember is that as our national economy grows and as our society develops there may well come a point at which the cost of concentration will exceed the savings of proximity. Let me explain to you what I mean. Manufacturers, financial corporations and the other great entities which make up our economy tend to locate their businesses and head offices in great centres. One thing leads to another. To him who hath shall be given. They all crowd in. Whether this is a good thing in economic terms is a question which is often obscured. As a result there is a kind of inward momentum or inertia in the business community and

[Mr. Stewart.]

in the minds of those who determine the answers to those questions. Places like Toronto and Montreal become the places to establish head offices.

I suggest to you that the savings of proximity in transportation and communications are very real but that there may well come a time when the costs of concentration overbalance the savings of proximity.

• (3:30 p.m.)

It would be a great mistake, it would be costly to our nation, if we were to attempt vainly to redress that balance. It would be a mistake if we were to pour additional money into the provision of certain kinds of services. This would have the effect of perpetuating these uneconomic situations.

I speak quite frankly to you, sir. I come from a part of the country where we are not much troubled by the costs of concentration. But there are those from our part of the country who have been wondering when the time would come when the inward pull of economic factors would begin to exhaust themselves and would be overcome by what I have called the costs of concentration. There is a passage in the fourth annual review of the Economic Council of Canada which bears on this point because it shows how important it is for Canadians, above all others, to keep this consideration in mind. On page 177 of the review we are told, in a comment on a table that appears on that page, that:

It is particularly significant, however, that among this group of countries Canada experienced the highest rate of increase in urban population—4.1 per cent annually—over the period of comparison. Indeed there is evidence to suggest that Canada had the fastest rate of urban growth among the industrially advanced countries for the post-war period as a whole. This basic trend in Canada, the expected strong increase in total population up to 1980, and the relatively lower levels of urbanization thus far attained, all combine to imply a dramatically faster rate of urban growth in this country compared with most other industrial economies over the period ahead.

I suggest to you, sir, that it would be unfortunate indeed if we went into this period thinking that we simply must perpetuate the growth of these great and increasingly concentrated centres. I say it would be a mistake because we would simply be requiring people, by the structure of the economy and the society, to live in places where they would probably be less happy and no more productive than they would be if this kind of artificial concentration of population were stopped.

Mr. MacDonald (Prince): Mr. Speaker, would the hon. member permit a question?

Mr. Stewart: Certainly.

Mr. MacDonald (Prince): Is the hon. member advocating, in his last few remarks, some plan whereby we prevent people from moving from one place to another within this country, and in particular prevent them from moving to some of the larger centres where employment is more readily obtained?

Mr. Stewart: No, Mr. Speaker. I think the hon. member really makes the point of my comment in the last part of his question. I am suggesting that if we are going to spend hundreds of millions of dollars it would be far, far better to expend that money to base business and employment away from these focal points.

Mr. Herridge: Hear, hear.

Mr. Stewart: I am suggesting that it would be far, far better to give people jobs in places in which they could live more comfortably, without many of the problems of population concentration, rather than spending the same amount of money or even more to enable them to survive at all and have to commute 25 or 35 miles to their work and live in a very bad environment. I use the words "bad environment" with almost every connotation of the expression.

The last point I want to deal with is one to which the Minister of Finance (Mr. Sharp) himself adverted last night. It refers to the whole question of the municipal tax on homes. On April 26, 1967, when speaking to the conference of the Canadian Tax Foundation, the Minister of Finance, despite the fact that the commission had been set up by the previous government, said with approval that the Carter commission report had come to the conclusion that this tax is regressive and is bearing heavily upon the poor. I say "despite the fact that the commission had been set up by the previous government" to emphasize not that the commission report is wrong on this point, but that the Minister of Finance was quoting it on this point with great approval. The minister again referred to this problem in the house in this debate.

But, Mr. Speaker, an even more austere authority has spoken on this point. I refer again to the Economic Council of Canada. The Economic Council says at page 215 of its fourth annual review:

> Examination of the historical record suggests that the financial structure of Canadian municipalities was reasonably well adapted to the requirements of the late nineteenth century. But modernization of this nineteenth century machinery has failed to keep pace with the needs of accentuated urbanization in this century.

The review goes on to develop this point and at page 218 we come to this sentence:

> Real property taxes continued to account for more than three-quarters of the total revenue from the municipalities' own sources over the period 1953-63 and it is worth noting that they rose more than one and a half times as rapidly as personal income.

The review goes on to document the implications of the passages I have read. I would hope that when the federal-provincial conference on urban problems takes place—this conference was foreshadowed in the speech from the throne—what the Minister of Finance has said repeatedly and what the Economic Council of Canada has said on this question of taxation on homes will not be forgotten. I should think this would be one of the two or three most important topics to be discussed by the members of that conference.

We are conducting a debate on housing. The opposition raised this matter in the house last week, so I was just a little surprised that they returned to the same topic this week as a basis for their first post-reformation supply amendment. Clearly what they are trying to do is sort out their own thinking.

Mr. MacDonald (Prince): Mr. Speaker, would the hon. member permit another question?

Mr. Stewart: Yes, Mr. Speaker, if I have time.

Mr. Speaker: I am afraid the hon. member does not have time because his time has expired.

Some hon. Members: Carry on.

Mr. Speaker: Order, please. There may be agreement to allow the hon. member to continue beyond his time, but I should bring to the attention of the house that a large number of hon. members have expressed a desire to take part in the debate and only two hours and 20 minutes are left.

Mr. Stewart: I shall be very brief in answering the question, Mr. Speaker.

Mr. MacDonald (Prince): My question requires a very simple answer. Does the hon. member believe there is a housing crisis in the country today? Yes or no.

Mr. Stewart: There is a housing shortage. Whether one calls it a crisis depends on what

one means by the words "crisis". A philosopher has said that there is always a "present crisis". I suppose the hon. member is one of those who move from crisis to crisis.

• (3:40 p.m.)

Mr. David Orlikow (Winnipeg North): Mr. Speaker, when the Minister of Labour (Mr. Nicholson), who is in charge of Canada's housing policy, spoke last Thursday he tried to tell the house and the country that there really was no housing crisis, that there was only a problem which I suppose one could call a crisis in certain areas. In this connection he mentioned Toronto again and again, but he said that on the whole we were doing quite well. His parliamentary secretary, when speaking a few days ago, told us in great detail that it was easy to get a house in Montreal. I am certain that the Minister of Labour, his parliamentary secretary and possibly the hon. member for Antigonish-Guysborough (Mr. Stewart) are alone in Canada in really believing or in saying that there is no real crisis in housing at present.

If the Minister of Labour thinks that we are being partisan, I suggest to him and to the other members of the government that they look at what the newspapers of Canada are saying and take a close look at what the Liberal newspapers of Canada are saying. Let us take a look at the Toronto *Star*. I think we all know it as a very open and partisan supporter of the Liberal party and the Liberal government. In an editorial which appeared on Thursday, September 28, entitled "More Houses—But Who Can Afford Them", here is what they say about the government's policy and about the Minister of Labour. I am glad I am quoting from the editorial because I am not certain that the words used in it would be quite parliamentary. It reads as follows:

> The interest rate announcement, standing alone and unrelated to the ability of ordinary people to pay, shows once again the utter incompetence of Labour Minister John R. Nicholson to handle federal housing policy.

All I can say to that is "amen."

Speaking yesterday for our party on the amendment proposed by the official opposition, my colleague, the hon. member for Vancouver-Kingsway (Mrs. MacInnis), said that we would vote for the amendment, that we could really do nothing else. Yet I want to say to the hon. member for Esquimalt-Saanich (Mr. Chatterton) who moved the amendment that we are voting for it because

of what is in the amendment and not on the basis of the speech made by the hon. member.

I want to deal briefly with the main criticism he made of the government, one which was repeated today in questions put by the hon. member for Kamloops (Mr. Fulton) and the hon. member for Edmonton West (Mr. Lambert). The main criticism was that the reason there is a housing crisis, the reason that the interest rate on housing mortgages had to be raised as it was last week, the reason why there is no money for housing, is that government expenditures have gone up too much, and supposedly the Economic Council is the authority for this statement. I deny the suggestion that the Economic Council made that claim. However, I want to say to the members of the official opposition—and I wish the new leader of the Conservative party, Mr. Stanfield, would use his influence on the members of parliament from his party to prevail on them to be honest and consistent—that if government expenditures are responsible for the difficulties we face in housing, then one needs to look not just at federal government expenditures but at all government expenditures.

The hon. member for Antigonish-Guysborough who has just spoken mentioned the great increase in municipal taxes. I do not want to deal with that subject today because it would take up too much time but let me say that last night I took the trouble of comparing the increases in federal government expenditures with the increases in provincial government expenditures. I found the figures very interesting and I commend them for study to the members of the official opposition.

In 1958 the government of Canada spent $5.17 billion. Ten years later the estimates of the federal government for 1967-68 show that we are spending $9.5 billion, an increase of just under 100 per cent. In 1957 the province of Nova Scotia, under the premiership of the present leader of the Conservative party, had a budget of $58.5 million. In the year 1967 their budget was $154 million, an increase of almost 300 per cent. I am not being critical of that; I know how much Nova Scotia needs to improve its roads, schools and hospitals. However, I suggest to the members of the opposition that if it is necessary for the federal government to economize so that we can have houses, Nova Scotia should also have to economize.

Mr. Stewart: May I ask the hon. member a question? Does the hon. gentleman know whether in the increase in federal expenditures which he has just called to our attention the transfer payments made by the federal government to the provinces are included?

Mr. Orlikow: Of course they are included, and Nova Scotia received a substantial amount. I do not want to spend all my time on this subject; I just want to try to bring some sense of reality to the members of the official opposition. The province of Ontario, which has had a Conservative government for 25 years, spent in 1958 just over $1 billion. In the last year—this was before Mr. Robarts started to campaign and make a promise every day, promises which are going to cost hundreds of millions of dollars—the province of Ontario spent $2.193 billion, an increase substantially greater than 100 per cent.

I wish to commend the province of Manitoba to the members of the official opposition. That province, which has had as its premier Mr. Roblin who, according to the week end *Globe and Mail*, is the shadow finance minister of the official opposition, had expenditures in 1957-58, the year in which Mr. Roblin took office, amounting to $80 million. For the year 1967-68 expenditures in the province of Manitoba amount to $354 million, an increase, according to my rough calculations, of 450 per cent.

I do not blame Mr. Roblin for the expenditures in some of those years. I was a member of the legislature of Manitoba for part of that period and I urged Mr. Roblin to spend even more money. However, I am suggesting to the members of the official opposition that if they are going to assume the new kind of image about which the press is talking so much, if they are going to offer a constructive alternative to the government, they have to be consistent. They cannot call on the federal government to be careful to cut down expenditures and cut back programs while at the same time Conservative provincial governments are expanding their services. If the members of the official opposition are talking, as they were today in the question period, about programs which should be cut back, I think they will have a responsibility this coming week when we are discussing the budget to tell us what programs they think should be cut back.

• (3:50 p.m.)

Should we stop the subsidy on the price of wheat to be paid to farmers, a subsidy which the government announced last week? I would like to hear from the Conservative members from western Canada. Do they think that subsidy should be stopped because the government is spending too much money? I would like to hear from the members from Cape Breton. Should we stop the subsidies paid to help the coal mines keep operating and to help keep the coal miners at work? I would like to hear from those members on that score.

I remember the hon. member for Bow River (Mr. Woolliams) and the hon. member for Macleod (Mr. Kindt) in past months asking the Minister of Transport about the subsidizing of coal being shipped by rail from the Alberta mines to Vancouver so that it can be sold to Japan. Do they want the government of Canada to stop subsidizing the shipment of that coal? If they do, let us hear about it.

Do the hon. members from Halifax and the hon. member for Esquimalt-Saanich want to cut a billion dollars or half a billion dollars from the defence estimates? I think we should be told this by them because if we do that people working for the navy at Halifax and Victoria would be thrown out of work. Let us hear from these members. Let us see how serious they are about this business of cutting expenditures.

Mr. Forrestall: What would you do about it?

Mr. Orlikow: I do not think the difficulties in housing are caused by too much government expenditure. I say that you people in the official opposition have a responsibility to spell out what you mean, if you really mean what you have been talking about for the last few days.

Now I want to deal with the kind of thing which the Minister of Labour was saying last week and the kind of thing which the Minister of Finance (Mr. Sharp) was saying last night, that there is really no housing shortage in this country, no housing crisis except in Toronto. Mr. Speaker, the ministers know that is not true.

I have here three stories which appeared in Winnipeg newspapers during the last few months. One deals with the city of Winnipeg and appeared in the Winnipeg *Free Press* on March 14, 1967. It summarizes a study made of housing conditions in the central part of

Winnipeg, an area represented by my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles). I want to quote a couple of paragraphs:

> Half the families living in greater Winnipeg, are living in houses or apartments that are overcrowded, or substandard from the point of view of construction or sanitation.
>
> Or else they are living doubled up—two families in a dwelling designed to be used by one family; or they are paying more for their shelter than they can afford.

It goes on to say:

> There are only 2,000 dwellings in the city designed to satisfy the needs of the 35,000 Winnipeg families (about a third of the total number of families in the area) whose income is so low that they need some form of direct subsidy to be able to live in decent homes.

The Winnipeg *Tribune* in June, 1967, carried a report about the town of Thompson which is the centre of a large nickel development. Last week my colleague from Sudbury spoke about the problems in Sudbury. In Thompson the International Nickel Company has announced its intention to double its work force over the next few years from the present 3,000 to 6,000. At present there are workers in Thompson who are paying $150 a month for one room and their families are still living in Vancouver, Edmonton or Sudbury whence the men came to find work. What is the future for those families? What is the future of that town? The minister has announced a policy covering an increase in mortgage rates which will effectively prevent these people from ever being able to buy homes.

The Winnipeg *Tribune* in March, 1967, carried an article which dealt with the problem of some of the rural people, particularly the problem of the Métis, and I would like to quote one paragraph:

> In the community of Ebb and Flow on the west side of Lake Winnipegosis live 329 persons. They live in 52 log and mud dwellings, most of them with one or two rooms. Several families with 7 to 10 children live in one room. Other families with 9 to 13 children share two rooms.

I could go on and on, Mr. Speaker, but I think hon. members and the public in general know the conditions under which our Indian and Métis people are living. Yet last week the Minister of Labour and last night other members of the government tried to brush aside this problem and to suggest that there is no problem. Mr. Speaker, there is a problem. It is a problem which must be met. It is a problem which must be dealt with.

[Mr. Orlikow.]

If there is one thing the government has demonstrated it is that it simply has not got the ability to deal with this question. I think the Minister of Finance put the government's housing policy so clearly in one sentence that nobody, even members of the official opposition, could misunderstand what it is. I want to quote that sentence because it clearly gives the principle under which the government is working. Hon. members will find it at page 2734 of yesterday's *Hansard*, where the Minister of Finance is recorded as follows:

> We plan that the bulk of housing should continue to be financed through the market, as it has been in the past.

What does that mean, Mr. Speaker? It simply means that people who want to find housing accommodation, whether it be individual houses which they will buy or apartments which they will rent, will have to depend on the market. They will have to depend on builders and contractors getting money from the lending agencies.

For some years a situation has existed in which there is a tremendous demand for construction. There is a demand for houses, individual homes. There is a demand for apartment dwellings. There is a demand for building motels and hotels. There is a demand for building modern, luxurious, air-conditioned office buildings. There is a demand for building grocery supermarkets. It is a tragedy if one cannot drive within three minutes to a supermarket, and so it is necessary to build another one three blocks away. There is a demand for filling stations and service stations on every other city block, if not on every block.

Is there any member of the house, any member of the business community, who does not realize that under these conditions, when we obviously cannot meet all of the demands, housing simply cannot compete for money with business and industry which do not care about costs? I say in all seriousness to the hon. member for Halifax (Mr. Forrestall), who asked what our solution was, that if we are going to build housing accommodation, whether it be individual homes owner-occupied or rental accommodation, in anything like the number of units we need we are not going to be able to do so until the government of Canada, in co-operation with the provinces, is prepared to establish a system of priorities.

I give one very simple example from the city of Ottawa; at least, it is simple to me. Completed during the past few weeks in the

city of Ottawa was a very impressive, very luxurious hotel just a couple of blocks from here, the Skyline Hotel. I am not an expert on building but I am satisfied that the money it cost to build the Skyline Hotel, if it had been used to build houses, could have provided at least 1,500 houses in Ottawa. I say to the minister and to all hon. members that that is the kind of choice we shall have to make if we really want to have houses. Do we need a hotel more than we need 1,500 homes? My answer is very simple. I think we need the houses much more than we need the hotel and I believe that the government, in co-operation with the provincial governments, in co-operation with the lending agencies and working with the Bank of Canada, should be saying this to the construction industry.

• (4:00 p.m.)

We should be setting priorities. Until we do so it is just nonsense to think we are going to meet the housing needs and build anywhere near the number of houses required. Up until this year we have followed a simple policy in regard to housing, a policy which one of the people who administer a public housing project in the city of Toronto some years ago called a policy of socialism for the rich and free enterprise for the poor. We have used legislation and government guarantees to assure lending agencies that those in the middle and upper income brackets who borrow money on mortgages are safe risks. The government guaranteed the mortgage companies that they would not lose money. For the low income people, for those with large families, we have done virtually nothing. There are about 50,000 public housing units in Canada and there ought to be 500,000 or more. By raising the interest rate to 8¼ per cent the minister in effect says, "We will not help to finance houses for those with middle incomes."

In Toronto a man must earn over $8,000 a year to qualify for a mortgage loan under the present government regulations. In Winnipeg, the city from which I come, that figure is $6,500. The Minister of Labour ought to know that most workers in Winnipeg do not make $6,500. The minister has frozen out the bulk of the Canadian people.

Even if we build the 170,000 houses which the Economic Council has said we need—and I submit that we will not—even if we build in the next couple of years the 190,000 houses a year which will be needed, we shall be building for precisely those who need assistance least. We shall be building for those who can manage best on their own. That is the effect of the minister's action. The hon. member for Antigonish-Guysborough who spoke before me quoted something from the Bible which ought to be applied to this government and its housing policy—to those who have, shall be given. That is precisely this government's housing policy.

To solve the housing crisis the government should adopt a system of priorities. It should tell the builders and speculators that we can do without some luxury hotels and without the constant proliferation of supermarkets, that the materials and manpower for such projects which have been projected for the next two years can better be used in building housing. That is what the government should say.

If the minister will not listen to that kind of drastic proposal—I am sure he will not because he is a great admirer of the free enterprise market system which he thinks will solve the housing problem—he should listen at least to the proposals of the Toronto *Star*. That newspaper proposes that the government should absorb about 3 per cent of the interest rate charged against mortgages. It says that if the government were to pump $300 million extra into housing the subsidy would amount to just about $9 million a year. I suggest to the official opposition, which was concerned about government expenditure, and I suggest to the Minister of Labour that the $9 million would be well spent. It would help to provide houses for hundreds of thousands of those who are not in the low income bracket and do not need public housing or subsidized housing but could afford their own houses if the stupid policies which this government has permitted to grow were done away with. In an editorial last Friday the Toronto *Star* said: "We subsidize coal—why not housing?" The minister ought to explain why the government of Canada or the people of Canada cannot afford to subsidize housing, one of the basic needs of our people.

I said I would mention some policies which we think ought to be adopted.

Mr. Forrestall: The hon. member needs some ideas on the subject.

Mr. Orlikow: In the light of the contributions of the official opposition in the last two days I think it would be best for the hon. member for Halifax not to interject such remarks. I submit that the official opposition have already demonstrated sufficiently their ignorance and stupidity.

I want to deal in broad outline with what we think government housing policy ought to be. We do not think that the federal government can evade its responsibilities in the field of housing. It cannot suggest that housing is outside federal jurisdiction. It is true that the constitution says that housing is a responsibility of the provinces and municipalities, but surely no one can deny, that the federal government, through Central Mortgage and Housing Corporation, has pumped into housing hundreds of millions of dollars. Without the federal government there would be no leadership in this field, there would be no housing policy and virtually no house construction in this country. It is the federal government, therefore, that must give leadership, and there are a number of things which the federal government can do.

If the government does not wish to impose direct capital controls on the construction industry—and I cannot see this dreadful government doing that—at least it could bring in a program similar to the winter works program under which $500 was allowed to those who built houses in the winter when unemployment usually is high. Such a program could be extended to moderately priced houses. Also, Mr. Speaker, the government could take the sales tax off building materials used in home building. That should be done immediately. If necessary the Minister of Finance could think of increasing the sales tax on materials used in projects such as hotels, motels and shopping centres. We could well do with a pause in that kind of building. If the government would do this the building of houses would be encouraged, particularly the building of moderately priced homes.

I submit that Central Mortgage and Housing Corporation ought to tell builders that mortgages will not be guaranteed where the cost of the lot exceeds a reasonable amount. That would stop the value of lots being bid up to as much as $10,000 to $12,000 in cities such as Toronto and Montreal. Also, provinces and municipalities should stop selling raw, unserviced land to speculators who develop land which they have bought for several hundreds of dollars an acre and sell it for several thousand dollars per acre. The provinces and municipalities themselves should develop the land and sell it to builders at a reasonable price. I submit that in this way Central Mortgage and Housing Corporation could use its money and authority effectively. The adoption of such proposals, we submit, would lead to a solution of the housing problem which has become of crisis proportions.

[Mr. Orlikow.]

• (4:10 p.m.)

Before I sit down I wish to pose a couple of questions to the Minister of Labour arising out of remarks made yesterday by his colleague the Minister of Finance. The Minister of Finance said that the government intended to see that Central Mortgage and Housing Corporation placed greater emphasis on projects involving public housing and subsidized housing for elderly people, students, and so on. I should like the hon. gentleman to tell us what he believes the coming year will produce in the way of housing. Is it likely to be the 170,000 units which the Economic Council says we need, or 150,000 or 135,000? It has to be one figure or another. What percentage of this housing will be the kind of housing which the Minister of Finance said last night we needed most? He said—and I agree with him in this—that our need was not confined to the kind of houses which were being built across this country for $40,000 or $50,000. What is the percentage in the public sector likely to be? In 1966 it was 4 per cent. Will it be 6 per cent or 10 per cent next year? If the Minister of Finance was speaking seriously the Minister of Labour, who is in charge of housing, must surely know what are the government's intentions for the coming year.

We on this side hope the minister has a better answer to the housing problem than he has given us so far. We hope his contribution to its solution will be more constructive than his announcement last week that the interest rate would be increased to 8¼ per cent, a rate which 85 per cent of our people, I would estimate, cannot afford to pay. Incidentally, the minister knows that the real rate on commercial loans for housing is not the figure fixed by C.M.H.C. but a higher rate in the neighbourhood of 8¾ or 9 per cent and that as a result of the greater cost of housing most people will need second mortgages in order to complete their purchases. The rate of interest on second mortgages is 10, 12 or even 15 per cent for people who are good risks. I am afraid to mention the figure which people who are not considered to be good risks are required to pay.

These are some of the problems facing the people of Canada today in the field of housing. I am not talking about those who can afford to pay whatever is required of them. I am not talking about people who can afford to rent apartments for $250 or $350 a month

or pay $50,000 for a new house. I am thinking of those who are making between $5,000 and $6,000 a year and for whom the cost of housing is becoming so great that they cannot afford to maintain even the minimum standards which any civilized country ought to be providing.

[*Translation*]

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like in turn to make a small contribution to this debate by discussing a situation which is becoming increasingly alarming: the housing crisis.

This crisis, Mr. Speaker, did not arise within the last week. It has been with us for several months and the government, of course, as always, intends to pass legislation and assume its responsibilities only in critical moments. Since 1965, when the present government was re-elected, it has passed legislation sporadically, in times of crisis, and that is why today the members of this house and the Canadian people are faced with a serious, important and urgent situation.

We owe this debate, of course, Mr. Speaker, to the action of the official opposition which, since the reopening of the session, has been proposing the adjournment of our regular business in order to deal with this very important matter. Faced with the refusal of the Chair to grant us this adjournment, we introduced the amendment now before the house.

• (4:20 p.m.)

If the government are faced with such a critical situation with respect to housing, they have nobody to blame but themselves because we never missed the opportunity in former sessions to remind them that they should take stronger measures with regard to the housing crisis and that they should deal with it without delay.

Of course, the crisis has now grown worse and not only the opposition but all information media are unanimous in recognizing that it was high time for the government to take action.

At this stage, I will refer the house to an article written by Mr. Roger Champoux in the Wednesday, September 27, 1967 issue of *La Presse* where, speaking of the housing crisis, he wrote:

> We come right after the United States—
>
> As far as the high cost of housing is concerned.
>
> —which puts us not far from the top, in other words in the prohibitive price bracket. New housing costs a fortune to build; it is barely completed when taxes fall on it like a cloud of grasshoppers. Result: the lessee pays three times what it is worth. Houses of some years standing are the objet of such mysterious dealings that before long only people of means can afford them.

And the article goes on in the same vein. The author explains that the housing situation in Canada, and especially in Quebec, has come to a very serious turning-point.

Mr. Speaker, the recommendations of the Economic Council of Canada have been quoted extensively during our discussions. Of course, the minister does not seem very happy when we quote the report of the Economic Council and when it was tabled in the house, at the beginning of this debate, he quite rightly criticized the Economic Council for putting forth nice theories, for giving good advice without suggesting solutions. Obviously, the Economic Council of Canada is not the government. In our parliamentary system, in our democratic system it is not up to the opposition or to the Economic Council to make decisions, it is up to those who have the responsibility of administering the country, that is the government.

But I hardly think that the minister can set aside the annual review of the Economic Council whose purpose is precisely to try to inform the administration, that is the government, on the various problems related to the economy of the country.

On this subject, Mr. Speaker, on the housing crisis, I should recall very briefly the summary of the observations of the Economic Council of Canada which may be found on page 24 of the annual review, and I quote:

> To put these developments into quantitative perspective, it may be noted that the number of new housing starts rose from 126,000 units in 1961 to 166,000 in 1964—

At this stage, Mr. Speaker, may I digress to say that during this debate members of the government have several times asked us: "What did you do when you were in power?" Well, looking at the figures of the Economic Council, it will be found that there has been a considerable increase from 1961 to 1964—I think we were still in power in 1963 and the report also says:

> —but there was no increase in housing starts between 1964 to 1965, while a sharp decline (of about 20 per cent) occurred in starts between 1965 and 1966.

The Conservative party was not in power in 1964, 1965, 1966. It was the Liberal party, the people now sitting across from us.

> —over the whole period 1961-1966, the growth in the physical volume of housing construction

has thus averaged only about 4 per cent per year, compared with a rate of growth in real Gross National Product well in excess of 6 per cent. This has meant that at a time when the number of new households being formed was rising sharply, the share of total available resources being devoted to the provision of new housing was significantly smaller than in the early 1960's.

Here we have the summary of the precarious situation as far as housing is concerned. According to the annual review this situation became apparent at the beginning of 1966. That is why last year we have repeatedly asked the government to adopt measures and pass legislation likely to put a stop to the situation with which we are faced today.

But, unfortunately, and I emphasize this again, we have a government which waits until a situation deteriorates before it takes positive action.

Of course, Mr. Speaker, there are causes to the present unrest, and those which were put forward during this debate, are the tightening of credit and a complete lack of planning on the part of the government with regard to expenditures.

The review by the Economic Council of Canada is perfectly clear and specific on those two points. And with your permission, I shall refer to page 25 of the economic review with regard to the tightening of credit:

In summary, during periods of tight credit conditions, the supply of and demand for residential mortgages are both subject to considerable pressure. Housing demand, as a result, has tended to contract during periods of strongly rising economic activity and during periods of deliberate monetary restraint, serving to stabilize the overall level of demand in the economy, but at the expense of producing a great deal of instability in the housing sector itself.

Since the 1965 elections, the government has applied a policy of tight money. And that tight money policy has had disastrous consequences, not only in that sector of our economy but also in other sectors of consumer affairs.

That is why, naturally, people without means, the poor, are now having a hard time making ends meet.

Mr. Speaker, planning expenditures, that is one of the main objectives of good administration. A while ago, we heard the member for Winnipeg North (Mr. Orlikow) claim that the Conservative party was not consistent in introducing this amendment, because last year it did not ask the government to limit its expenditures.

Now, as far back as 1965 and even before that, we have continuously been asking the government to plan its administrative expenses.

Of course, we have always been in favour of some co-ordination of priorities. When mention was made this afternoon that we were supporting the proposed increase in the old age pension to $105, that was precisely because we wanted the government to establish priorities in various fields. We were convinced at that time, that the increase in the old age pension was a priority, and I am sure that our well-informed friends opposite also shared our belief in this respect.

• (4:30 p.m.)

We are therefore in favour of planning our expenditures and establishing priorities for certain policies.

In his statement yesterday, the Minister of Finance (Mr. Sharp) implied that he would propose, on behalf of the government, to establish priorities shortly. Well, that is what we want and in 1967, if the economy is to be well understood and the national interest served, it will be necessary in our modern times to give priority to certain pieces of legislation.

In the matter of housing, Mr. Speaker, I feel that priorities should be established. The first that comes to my mind is the setting of a reasonable rate of interest for people in the middle income bracket.

Figures have been quoted in this house, showing the continued escalation of mortgage financing and construction costs.

Yesterday, I was shocked by the figures given by the hon. member for Red Deer (Mr. Thompson). I refer to page 2719 of *Hansard* where he told us that with a $15,000 mortgage at 8¼ per cent for 35 years, the cost of the house will be $45,000 principal and interest.

I think, Mr. Speaker, that when we pass legislation or report on our policies, it must be done efficiently.

Obviously, we cannot say that increasing the interest rate to 8¼ per cent will be an incentive to housing construction in Canada. This may promote competition and encourage financial institutions to increase their investments in this particular sector of our economy. However, for poor people, those who cannot afford it, those who earn less than $5,000 or $6,000 a year, for instance, this 8¼ per cent rate of interest is totally unacceptable, it is absolutely detrimental to their interests.

I fail to see how the minister's decision to raise the interest to 8¼ per cent could help

the poorer classes to own their homes. I think that in 1967, a house is not a luxury, but a necessity. In my estimation any red-blooded, ambitious and resourceful Canadian can and should aspire to become a home owner or to live in a decent salubrious dwelling that meets the needs of a modern family.

I shall quote here what a Liberal member said yesterday: We are happy that the increased interest rate of 8¼ per cent represents a ceiling and that the minister foresees that financial institutions will provide loans at a lower rate.

To strengthen his argument, evidently, he said that the Bank of Montreal was ready on Friday last to supply loans at the rate of 7¾ per cent. That 7¾ per cent was last Friday, but did things stop there?

Mr. Speaker, the Ottawa *Journal* reports today that both the Royal Bank of Canada and the Toronto-Dominion Bank have decided to charge 8 per cent interest on loans.

Now, following the 7¾ per cent interest which the Bank of Montreal set last Friday, two other branches of the bank have decided to raise their interest to 8 per cent. And next week, we would not be surprised if our banking and financial institutions would reach the maximum rate—and thus I think that the minister will be unable to attain the goal which he had set when he announced his interest rate of 8¼ per cent.

The second priority, Mr. Speaker, in the housing field, is evidently the elimination of the 11 per cent tax on building materials. Yesterday, the Minister of Finance, in his statement in the House of Commons suggested that the 11 per cent tax was necessary to meet government expenses. He quoted figures alleging that the 11 per cent tax only applied to half of the cost of construction.

Well, Mr. Speaker, if the minister was sincere last night when he said that he was looking for means and reasons that would justify dropping the 11 per cent tax, I feel that he could have turned to other fields of taxation, such as the luxury field. For example, why not levy a heavier tax on colour television sets and on tobacco and chocolate, which are not essential to the taxpayers? No, instead of taxing luxury goods, the minister is hitting one area of our economy and he is sabotaging the whole system of taxation.

The minister knows very well that the 11 per cent tax which he has refused to abolish for two years has greatly helped to raise the level of unemployment in our province. If people cannot afford to pay 8¼ per cent, they certainly cannot afford to pay 11 per cent tax on building materials. That is why, in the last few months, our manufacturing and building industries have declined and the level of unemployment is rising, not only in Quebec but across the whole country.

Therefore, Mr. Speaker, I urge the Minister of Finance, if he is really sincere, to review again, not only for himself but for the benefit of all the Canadian taxpayers, this policy of the 11 per cent tax on building materials.

In this, he should, I believe, follow the idea and thoughts expressed repeatedly by the official opposition, that is, he should, in the interest of this economic sector, do away with this 11 per cent tax as soon as possible. I believe that as far as housing is concerned, that is a second priority matter.

The third priority in housing, sir, is for the government to establish a research committee of experts to find out if it would be possible to reduce the building cost of our properties.

We can hardly build a decent house now, unless we pay $12,000, and here again, I think that a $12,000 property would only have four rooms. Obviously, in this $12,000 house, you cannot have the commodities of a more luxurious one. But I feel that the building cost of our houses, when you think of our climate, is excessive and absolutely prohibitive.

I would therefore suggest that the minister acknowledge the third priority: the establishment of a research committee of experts to find out if it would not be possible to lower the building rate of our properties.

• (4:40 p.m.)

Fourth on the list of priorities, Mr. Speaker, the hon. Minister of Labour should immediately convene a federal-provincial conference on the housing crisis in the nearest future.

The hon. minister told us in his speech that he travelled across Canada and met representatives of the provinces and of municipalities in an attempt to stimulate house building throughout the country. With respect to this most urgent and serious problem, I think that the hon. minister should immediately call a federal-provincial conference to consider the steps that can be taken in order to reduce the purchasing cost of lots. Since this matter comes under municipal jurisdiction, and municipalities come under provincial jurisdiction, this matter should be discussed with provincial authorities.

At this federal-provincial conference, we should find the means to facilitate urban renewal. Obviously, this is an extremely difficult question in 1967. Naturally, housing is very, very heavily taxed locally, municipal and school taxes are excessively high not only in the province of Ontario but also in the province of Quebec. I believe that the average of municipal and school taxes in Quebec is between $325 and $350 per property.

This federal-provincial conference should also provide through the Central Housing and Mortgage Corporation increased amounts to provincial and municipal governments so as to give this area a necessary blood transfusion if the crisis is to be thoroughly and efficiently contained.

Mr. Speaker, it was several times that the present government should show more leadership, more decision in some areas. Naturally, we will be told that this area is not under jurisdiction of the federal government but in view of the fact that the Central Housing and Mortgage Corporation has for several years spent millions for the construction of residential housing, I think it would be fair and reasonable that the hon. minister be given an opportunity to exert his leadership and bring the parties involved together to consider most seriously the whole question at a federal-provincial conference.

During the debate, the minister, replying to the hon. member for Northumberland (Mr. Hees), I think, said that our chartered banks, having been granted new powers by the legislation adopted last year, are indicating some interest in making mortgage loans. The minister quoted figures. The minister said that according to his information chartered banks were lending nearly 10 million dollars a month. But I do not know who is getting these loans nor what banks are granting them. Possibly, they are being made in the major urban centers? But as far as we the rural folks are concerned, I must tell the hon. minister that several times during the summer people came to ask me how this new Bank Act could be used to secure mortgage loans. In all the cases of which I was told about, none of the people has obtained a loan from a chartered bank. Now I speak of the rural environment in which I live. The statistics quoted by the minister possibly referred to urban areas.

But I must tell the minister that in rural areas the banks, thanks to new powers granted them last year, that is the authorization to make mortgage loans, refuse to give explanations and refuse also to grant mortgage loans.

I would therefore urge the minister to bring pressure to bear on our financial institutions, on banks, not only in large cities or in urban areas but also in rural areas, so that they may, under the new powers we granted them, meet the requirements of consumers.

Of course, it is more profitable for the banks to lend on notes. In view of the fact that they availed themselves of their privileges and were given the right to develop, to administer themselves financially, I think that the government should threaten to impose sanctions on the chartered banks and those who will not lend on mortgages.

The province of Quebec, Mr. Speaker, is of course faced with that problem just like the other provinces. That explains why the Quebec government set up what is called the Quebec Housing Corporation, thanks to an act passed in 1967. In addition to dealing with urban renewal and low-rent housing, it has a five-year plan to develop the two sectors I mentioned.

This work is performed in co-operation with municipalities and private companies. Moreover, the province of Quebec, through that housing corporation, borrows funds from the Central Mortgage and Housing Corporation in order to attain those purposes. I am advised that in accordance with the five-year plan of the Quebec Housing Corporation an amount of $100 million is provided for urban renewal and $300 million for the construction of low-cost housing.

But, Mr. Speaker, is it necessary for me to tell you that those are minimum amounts. In fact, Quebec is dealing with an unusual problem of slums; it has been mentioned in this house that Montreal, the metropolitan city of Canada, had taken advantage of only one comprehensive plan for low-cost housing since the Quebec minister of finance, Mr. Dozois, had developed such a plan. It has been called the Dozois plan in Montreal.

What I find most strange, is the fact that we are trying at the present time, to rack our brains, in order to decide what should be done with the site of the world fair. If we have spent millions of dollars in an effort to spread abroad our Canadian culture, I do think that this administration, that of the city of Montreal and the Quebec government should consider the fact that the site of the world fair would lend itself splendidly to the

construction of low-cost housing for our people, our poor in Montreal who need them so badly.

In fact, I have been told that, in one portion alone of the site of the world fair, we could house 30,000 families. Let us think about it, Mr. Speaker, 30,000 families.

In my opinion, Mr. Speaker, if we carried out that project, it would be one of the most outstanding gestures of human brotherhood on the part of the Canadian people towards the underprivileged classes of our society, and I urge the minister—this is my suggestion to him—when discussions about the possible use of the world fair site take place, to make that suggestion to the Montreal municipal authorities and those of the Quebec government. In so doing, I am convinced that we would make a worthwhile contribution to a group of our people who need it very badly. Of course, the minister said yesterday that the present government found it difficult to borrow. The same applies to provincial governments.

The Quebec minister of finance told us recently that the borrowing index of the province and that personal and corporate income taxes evidenced that other sources of revenue had to be found. Since Quebec, as well as the other Canadian provinces, desperately need money to set up the various building programs for low-rent housing projects, it is high time, as I said earlier, that the minister convened a federal-provincial conference in order to discuss and solve that problem without delay.

Mr. Speaker, this evening we will be asked to vote on an amendment. All the members are acquainted with the amendment of our party because, to my mind, it is quite clear. We were told yesterday, and it was confirmed this afternoon, that the New Democratic Party would support the amendment. We thank them for their support. We hope that the other parties in the house as well as a few Liberal members—although I doubt it —will also support our amendment. We do not want to twist the knife, nor do we want to challenge the minister. He is an extremely likable fellow, but the government, and cabinet have swamped him with problems in the last two years.

He had some last year with the longshoremen's strike in Montreal; this year, we have to face another crucial matter, housing. Now, through this amendment, we simply want the government to think about it. We are asking the government not to wait until a situation deteriorates before it acts. We are asking the government whether it plans to govern. To govern is to foresee. We are asking the government to foresee difficult situations in the future. Then, even if our amendment is defeated tonight, it will have awakened Canadians to an increasingly important problem and will be of great help to the government.

• (4:50 p.m.)

[*English*]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, when the estimates of Central Housing and Mortgage Corporation were before the committee of supply last week I stated that I would welcome suggestions and constructive criticisms from members of the house. I think my words were to the effect that if one is not prepared to take criticism, even criticism that may not always be constructive, one should not be in politics. After only five years in this environment I think I can state that with all sincerity. However, I did and do welcome suggestions and I do and have welcomed criticism of the proposals that we have put forward. I will try to deal with the suggestions and the criticism later in my remarks. However, I do intend to pursue the contributions that individual members of the house have made in the course of this debate and I will deal with their remarks in the order in which they have been made.

The hon. member for Esquimalt-Saanich (Mr. Chatterton), who proposed the amendment on which we will be voting in a matter of a few hours, first referred to the housing requirements in the part of Canada which he knows best. None of us would be human if, believing that some special problems exist that affect our particular riding or the part of the country in which we live and in which we have a special interest, we did not concern ourselves with such problems. However, I wish to say that I do have some detailed knowledge of the housing problems of the city of Victoria and environs and I do know that the greatest need in that particular part of British Columbia is for housing for elderly citizens, for public housing and—yes, a remarkable trend during recent years—a growing need for apartment houses.

That special need, the need for apartment houses, leads me to some of the references which the hon. member for Esquimalt-Saanich made to the report of the Economic Council of Canada. A number of references have been made to that report, including the fact that I was critical of it. If my remarks

on Thursday were construed as criticism, let me say that I criticized only one particular aspect of the report. I recognize that a tremendous amount of work has gone into the preparation of this report. It is welcome, but I do say that in my opinion the role of the council is not only to study but to make suggestions and if I have a criticism it is that while certain statements are made in the report, suggestions as to corrective measures are not contained therein.

There are some passages in the report to which I would like to refer because I think they should be stressed at this particular time. They are to be found on the pages mentioned by the hon. member for Esquimalt-Saanich, but the complete exerpt has not been read to the house. On page 24 of the report we find the following words in the middle of the second paragraph:

Given the nature of the capital markets—their structure, institutions, and responses—tightening credit—

Not tight money.

—typically tends to fall with an uneven impact across the spectrum of demand, bearing especially heavily on the housing sector. Housing thus, in effect, becomes an "economic regulator" which acts to offset excesses in demand elsewhere in the system.

This pattern of behaviour may be traced to the effects of institutional arrangements in the residential mortgage market, on the one side, and to the relative sensitiveness of the demand for house mortgages to the level of interest rates on the other. A substantial proportion of house purchases in Canada since 1954 has been made under the insured loan arrangements established by the National Housing Act.

Until recently, the maximum interest rate on newly issued N.H.A. mortgages was set by the government at irregular intervals. When this rate was at a clearly preferential level in relation to the rates on competing debt instruments (e.g., the bonds offered by business corporations to finance their activities) N.H.A. mortgages became attractive to institutional investors as an outlet for their funds. This tended to be so when, in a period of emerging economic slack, corporate bond and other debt offerings fell off, in relation to the demand for them, producing a firming of their prices and a corresponding decline in their yields. Alternatively, when other interest rates were rising, N.H.A. mortgages became relatively less attractive to institutional lenders and the supply of mortgage funds under the provisions of the National Housing Act was accordingly reduced. In early 1967, the method of adjusting the N.H.A. rate was altered.

There is another passage in the report to which I would like to refer. Reference has already been made to it. It relates directly to the remarks made by any friend, the hon. member for Esquimalt-Saanich, and the passage is very significant. It appears on page 135 of the report and reads as follows:

[Mr. Nicholson.]

Of the 200,000 starts projected for 1970, it is estimated that about 80,000 units would represent single detached dwellings, and 120,000 units would be apartments, town houses, and other types of multiple accommodation.

As I have said more than once, therein lies the difficulty. The fact sticks out that 120,000 units, 60 per cent of our total need for housing only four years from now, will be in the nature of apartment or row houses. Naturally this need creates a need for a special type of financing. As has been stated, the government had a responsibility to settle and has established certain priorities. Having regard to the change in the nature of our housing requirements and to the changing conditions that are taking place in Canada, I say that we have established priorities and we are getting encouraging results from them.

● (5:00 p.m.)

A reference to the figures will bear this out. I have picked certain years at random. In 1960 the total investment by the federal government, in the form of loans and direct investment in public housing for low income people, elderly persons, student housing, sewage treatment facilities and urban renewal, was $38.6 million, $33 million on the housing side and $5.6 million on the urban renewal side. Now take 1964, the year in which major amendments to the National Housing Act were made. A total of just over $100 million was invested, $87 million in public housing, student housing, etc., and $13.1 million on the urban renewal side. In 1966, within two years of the amendments to the act, the expenditures in these fields of greatest social need reached $201 million, $185 million on the housing side and $16.1 million on the urban renewal side which, of course, is closely associated with housing and improvement in living standards.

In 1967, with only three-quarters of the year behind us, this figure which was less than $40 million seven years ago has reached the astounding level of $400 million in the areas of greatest social need, with $355 million earmarked for housing and $45.5 million on the urban renewal side. As I think I mentioned last Thursday, Mr. Speaker, $300 million of that $400 million has already been committed, with three months of the year still to come.

This is a field in which all levels of government, but more particularly the federal government, have special responsibilities to assist

those with the greatest social need. As I have pointed out, our investment has risen from less than $40 million to more than $400 million per annum in a period of six years. My confident expectation is that next year the figure will be at least 50 per cent higher and perhaps even more.

If we are to take care of the need of people for whom the federal government has this special responsibility, should we not assign a priority in allocating funds available for housing purposes to the area of greatest social need? That is the first priority that we have established and that is the course we have followed, at least during the three and a half years that I have been the minister in charge of housing activities. Last year when the demand was not so great in the social need field, partly because the interest of the provinces and municipalities had not yet been generated, in proprotion more money was available and was provided in the form of direct loans for housing as distinct from providing funds to the area to which I have just referred in which we have special responsibility.

The second priority that the government has assigned in the housing field is direct loans by C.M.H.C. to those people who wish to build their own homes, not to the builders of apartment blocks, luxury hotels and the other buildings referred to by the hon. member for Winnipeg North (Mr. Orlikow) but to people who want to build their own homes. I want to say to the house that in the three and a half years that I have been minister no person who wanted a direct loan to build his own home and was a reasonably good credit risk—and may I say that the tests are reasonable—has been refused a loan.

There is another priority that has been assigned. In addition we say, and I think quite properly, that when housing is to be built for profit, such as apartment blocks, and when, as pointed out by the Economic Council report, there is a shortage of money, only under very special circumstances, such as in a resource town where there is a need for multiple dwellings, should or will the federal government provide funds. This is something we are doing in British Columbia, Alberta, Manitoba, Ontario, Quebec and in the maritimes. We have taken care of the housing needs of our resource communities not just in the field of private homes but in the field of multiple dwellings of the apartment block or row housing nature.

During the debate on the amendments to the National Housing Act in 1964 members of all parties stressed the need of an educational program explaining the provisions and purposes of the act. We embarked on such a program in late 1964 and continued it into 1965. Housing conferences or symposia, a word the hon. member for Brome-Missisquoi has difficulty in accepting even though it is well accepted and known in the international conference field, were held across the whole country in late 1964, 1965 and again in 1967. The whole purpose of these meetings was education, to pass on information that was lacking.

I met with representatives of municipalities in every province. I met spokesmen even from provincial governments who did not know the possibilities inherent in the new federal legislation. Yesterday the hon. member for Vancouver-Kingsway (Mrs. MacInnis) referred to some of the housing problems in the city of Vancouver. I know something about those problems. I think perhaps that I have been closer to them than any other member of the house. I know that in late January of this year, at the housing conference held in the Hotel Vancouver, member after member of the provincial legislature, including members of her party, the N.D.P., got up and said, "We did not know this. The responsibility does not lie with the federal government. The course has been opened up by this legislation but municipalities and provinces are not taking advantage of it." Those are the facts. The same thing happened from one end of Canada to the other.

Yesterday the parliamentary secretary to the Minister of Public Works referred to the establishment by the provinces of housing authorities. People keep mentioning the constitution as a bugbear and keep saying the federal government is trying to hide behind the constitution. That is not so, Mr. Speaker. Through lack of knowledge of the facts, through not being properly informed as to the possibilities of the federal legislation, full advantage has not been taken of the legislation.

On a non-political basis we are getting good co-operation from most of the provinces, and this is due to our active educational program. That program is now getting results. Let me give some examples. Up to 1964 when the major amendments were made to the National Housing Act there were less than 12,000 public housing units in the whole of Canada. At the time I said that was a disgraceful situation and that more should be done in every part of Canada.

Discussion on Housing

In the conversations which I and those associated with me, the officials of C.M.H.C., have had with the provinces and the municipalities we have pointed out and stressed the possibilities afforded by the new legislation. Just by way of illustration, not to give them any special pat on the back, but by way of illustration, may I say that in the province of Ontario alone in the last 30 months or so more public housing units have been built than in the whole of Canada in the previous 15 years. That type of thing is going on in the other provinces where we are getting co-operation. It is going on in Newfoundland and Saskatchewan. Despite what the hon. member for Saskatoon said in this debate yesterday, we should keep in mind the situation in his province.

• (5:10 p.m.)

How many hon. members know that housing starts in the prairie provinces this year are 47 per cent higher than last year? We are not getting serious complaints from the prairie part of Canada in the housing field. We are receiving complaints from some centres with special problems. Fort McMurray had a special problem and Saskatoon had one. When we get such requests they are attended to, and I might say that we have had nothing but commendation in the last seven or eight months from Fort McMurray. The same applies to the entire prairie region of this country.

The serious housing problems in Canada are largely confined to the growth areas. More specifically, they are to be found in metropolitan Toronto and in the area between Toronto and Hamilton. There are other, isolated problem areas in Ontario, one of them being Sudbury.

How many hon. members know the real story of Sudbury? The Carter report came out some months ago. In it there was a suggestion that mining companies which had made extensive surveys and tests were to be deprived of certain incentives or tax benefits. The government, through the Minister of Finance, made a statement in May last. In that statement it was announced that for the next three years at least there woud be no change in those incentives. Within a matter of days after that announcement, we learned for the first time—when I say "we" I mean the municipality of Sudbury, the provincial government and the federal government—that five new mines were to be opened within 20 miles of Sudbury and that within the next 30 or 36 months 3,000 houses would be needed in the area. Within 48 hours of receiving that notice I went to Sudbury with senior officials of Central Mortgage and Housing Corporation to inquire into the accuracy of these reports. When convinced they were true I said that two things might be done.

There was a need for public housing. People, I think, should know what is meant by public housing. Personally, I do not like the expression "public housing". I prefer the expression used in England, "council housing", or something similar. In Ontario they call it "Ontario housing". In Canada as a general rule we group all such housing together under the term "public housing". Depending on the agreement with a province, any person with an annual income below a certain amount may apply for public housing. In Ontario the income ceiling, I think, is $5,800. Anyone with an income not exceeding $5,800 per annum may apply for and obtain public housing if it is available.

Many members of the Sudbury mining community and many of those engaged in the service industries around there earn less than $5,800. There was an obvious need for more public housing in Sudbury. I said to the mayor and the other officials, "I will first take this up with the Ontario provincial government; I am sure that we will get their co-operation. We have had it from them when dealing with problems in other parts of the province." I also thought that since many people were to be brought into the area or to be transferred from other activities carried on by the mining companies, that perhaps at least some of those coming in would be at salary levels higher than the ones permitted for public housing.

I feel that these mining companies have a special responsibility to provide houses for their senior executives and even for executives at junior level. The companies are there to make money. Nobody objects to that; it is a worthy objective. The companies have their responsibilities. Before there was any public housing these corporations used to provide houses for their staff. Formerly, in the forest industry towns of British Columbia and other industrial communities which sprang up in different parts of Canada housing was not always of the kind we wish to see. Nevertheless the companies did assist in providing it.

I said to the group in Sudbury that I met that I would discuss the matter of housing not only with the province but also with representatives of the mining companies. I did that and the response from the mining

companies was encouraging. We learned that 800 housing units would be needed in Sudbury during 1967 instead of the 400 originally anticipated. Next year the figure may well be 1,200 or 1,400; I do not recall the exact figures.

I took exception to the remarks of the hon. member for Sudbury in the house the other day. He intimated that I had gone up there during the election campaign and had made a political announcement. I immediately put on the record that while I could easily have gone there 24 or 36 hours before the election I stayed away until the week after the election. I went up in late May to see what was to be done and after the election I announced the results that had been achieved.

Some hon. Members: Hear, hear.

Mr. Nicholson: I have wandered away from my original theme. I was talking about the necessity of education, of passing on needed information, of educating municipalities, provincial governments and others with a specific interest in housing. Out of the conferences that took place during the last ten days of January of this year, in February and in March, and out of the subsequent conferences with the representatives of financial institutions—the conventional lenders and approved lenders, the mortgage companies, insurance companies, trust companies and the banks—some very worth-while suggestions emerged. I can now tell the house about some of the suggestions that came out of these symposia and the subsequent meetings. Out of all these there came recommendations for four programs that appealed to me and which I have no doubt will appeal to the majority of my fellow members in the government.

These four programs, all of which were discussed at one or more of the provincial conferences, include the following: First, a comprehensive planning of urban regions and the acquisition of lands for transportation corridors and the open spaces required for urban growth; second, a new community program to stimulate orderly and comprehensive development of new suburban areas within the context of regional and urban plans; third, housing programs to serve as an integral part of other combined federal and provincial anti-poverty measures in specific areas; fourth, housing for moderate income families, not for those with incomes of less than $5,800 but say for those with incomes perhaps between $4,500 and $7,500. These are some of the ideas that came up during our conferences and that need further study. With regard to serious study of the proposed new communities program, a suggestion has been made that the federal government should go in with the provinces and municipalities in undertaking a comprehensive new communities program of the kind that I have just spoken of whereby the federal government might provide special incentives for large scale comprehensive development of suburban communities in certain urban regions. In such a program the federal government might contribute what the three levels of government agreed would be a reasonable amount. Whether it would be 50 per cent, 40 per cent or 60 per cent would be a matter for discussion. In addition, the federal government might make loans comparable in magnitude with the loans it is now prepared to make to provincial housing authorities for public housing.

• (5:20 p.m.)

Yes, several of those who spoke yesterday and one hon. member who spoke today talked about the federal government "trying to pass responsibility on to the provinces". Nonsense. How many people in this house even realize that any provincial housing authority or municipal housing authority can borrow 90 per cent of the money it needs in this field from the federal government, not at the maximum rate of 8¾ per cent but at 6¼ per cent, the approximate cost of money to the federal government. It is largely because of this lending program that we are finding evidence of the increased interest in public housing, which leads me to believe that our expenditure in this field next year will be not $400 million but $600 million or perhaps even more than that.

Included in this suggested program are also resettlement plans. I have for long been interested in resettlement programs and the need for them was driven home at the conferences which took place at Corner Brook, Newfoundland in March last and our earlier one here. As a result of vast improvements made primarily in the fishing industry in Newfoundland, literally hundreds of families who live in isolated outports are being moved into more populated centres. The houses in which they and their forebears lived, perhaps for hundreds of years or more, were perhaps of little value but they did provide a shelter and, what is perhaps just as important, they were owned by the occupants.

Can we expect these people to give up the homes that they own, even though they may be worth only $200 or $300, and move to

another area in which a cannery is situated or near where a master ship is operating unless they have a personal stake in doing so? This is an area in which it seems to me that the federal government could and should provide assistance. I have used Newfoundland as an example to illustrate my contention, but this is the type of aid that we should like to see given not only in Newfoundland but elsewhere. There will probably be a need for a somewhat similar program, as a result of the developments taking place under the Cape Breton Development Corporation. It was as a result of constructive suggestions of this kind, the type of suggestion that I invited in the house, that in the Speech from the Throne, which His Excellency read in May of this year, it was announced that the federal government would meet with the provincial governments and I believe with representatives of the municipalities to consider the whole subject. The announcement was made in May on the basis of information we had obtained between January and April.

What happened? We in this house are supposed to be politicians. Let us be frank. There were three provincial elections, two in June and one in July. We have known for several weeks that three more provincial elections would take place in other provinces. We also knew that two of the provinces would have new premises. How absurd it would have been in an environment of that kind to have called a conference on this question. I would have liked the conference to be called for June or July, so would my colleagues. I certainly would have liked to have seen one called not later than September or October. But it would have been a frustrating exercise. I want now to assure the house that the meeting will be called if not for November, then in December of the present year. I will see to it that the invitations go out as soon as the results of the pending elections are known regardless of any changes in government. Invitations will go out promptly, and I hope we shall come to grips with these problems at the coming meeting.

I was impressed with a statement made last night by the hon. member for York South (Mr. Lewis), though certainly not all his statements appeal to me. A great many do not. He said last night in the course of a discussion of housing on television that the housing problem in Canada would be solved only by wholehearted co-operation between the three levels of government. I have been saying that for two years and I sincerely believe this is the only way in which it will ever be solved.

Other suggestions have been made by ther hon. members and perhaps some of them call for comment. The hon. member for Esquimalt-Saanich (Mr. Chatterton) referred to the heavy expenditures being made by all levels of government and the effect they were having on the cost of money and on the cost of living. How many people in Canada, who have read comments on the report of the Economic Council know that two thirds of the money to which the council has referred is being spent by provincial and municipal governments, not by the federal government, and that in the last five or six years expenditure by these authorities has been trebled or quadrupled? Their great increase is the reason for the reference made in the report of the Economic Council.

Criticism was directed toward the government for permitting a higher rate of interest on N.H.A. loans. I think the house should understand just how the ceiling came about. Legislative authority for the imposition of this ceiling was provided not at the initiative of the present government but under another government several years ago. The intention when the provision was put in the act was that should a situation become sufficiently serious at any time a formula such as the one I announced last week could be adopted. We acted on the authority because of the situation that now exists.

The reason for adoption of the new formula is clear. There has been such a heavy demand for the money which was available, not for public housing or those other areas of great social need but for the construction of apartment blocks, the greatest need being in cities such as Toronto and Hamilton and their environs, that interest rates were upset. In December of 1966 we set an interest rate ceiling of 7¼ per cent for the first quarter of 1967. There was no flexibility involved in that rate. The rate could not move to 7⅜, nor could it fall to 7⅛ or 7 per cent. It was fixed for the quarter.

Then this is what happened. The rate is tied in with the yield on federal government bonds and in or about February, the yield on those bonds started to go down. It continued to decline in March, as a result of which it was obvious that the 7¼ per cent rate would drop to at least 7 per cent for the second quarter. In consequence lending institutions, including some banks which hoped they would soon enter the field, began to take

applications and there was more activity between the middle of February and March 31, when the rate was at 7¼ per cent, than had taken place in any corresponding period of six weeks or even several months. A lot of money came into housing for apartment blocks and multiple dwellings, particularly in areas of great need such as Hamilton and Montreal. But as soon as the figure dropped to 7 per cent loans dried up and there have been virtually no loans since the end of March from traditional lenders.

Following the meetings which took place in nine provinces with provincial and municipal leaders of all the provinces, I held meetings with representatives of the approved lending institutions. They did not hesitate to point out to me that the government should make its wishes clear. On the one hand, they said, the government wished the institutions to buy government bonds, providing attractive interest rates as an inducement. On the other hand, we wanted more money made available for housing. It was suggested that instead of insisting upon an inflexible interest rate for each quarter the government might do what the National Housing Act permits and free the rate and let the law of supply and demand make the necessary adjustments, subject to the ceiling.

• (5:30 p.m.)

That is exactly what we have done. It was not done with the thought that the lending institutions would increase their rate to the maximum of 8¼ per cent. I hope hon. members do not think this suggestion was not fully explored. I may not be the best minister of housing that the country might have had but at least I have had some business experience and have some common sense, I hope. What the lending institutions suggested was the right to operate without a frozen rate of 7 per cent, 7¼ per cent or 7½ per cent. They wanted flexibility. It was not surprising to me—I would have been surprised had anything else happened—to hear the senior vice president of the Bank of Montreal announce what their rates for housing loans will be. I know that the heads of several other lending institutions in Canada have said what their rate would be and now is. It is not 8¼ per cent. It is 7¾ per cent. I know that the more dependable and traditional lending institutions in whom we have confidence usually operate at one half per cent below the conventional rate. The conventional rate across the country today for most companies is 8¼ per cent and in some instances 8½ per cent.

The officials of the institutions to whom I have spoken in the last day or two have assured me that with the flexibility they have now more money will be made available for housing. This is very important to a bank and to C.M.H.C. The reason C.M.H.C. has had to advance money by direct loans in many rural parts of Canada is that the mortgage companies and trust companies, the traditional lending institutions do not have branches there. You can see how important it is to get the banks back into the picture. There is a bank not only in every city but also in every town of any size and even in many of our villages. The local managers of these banks know the individual who applies for a housing loan. This person probably has had an account at that bank for a period of anywhere from one year to 50 years. The branch manager knows whether or not the man is a good risk and therefore he can apply any rate under the ceiling which he thinks is suitable, whether it be 7½ per cent, 7¾ per cent or 8 per cent or less.

I predict that there will be different rates in different parts of Canada. There might be one rate in Toronto and perhaps a different rate in Nova Scotia, Newfoundland or in some other part of Canada. And I ask hon. members, if a person wishes to buy a particularly expensive house why should he not pay the normal commercial rate of interest that he would pay if he were buying a car or a television set? Why should the Canadian taxpayer subsidize that individual? We want our federal funds to be used for the greatest social needs and that is where we will put it so long as I am a member of the government.

I have only a few minutes more, and in the time that I have I should like to deal with some of the other suggestions which have been made. I think for instance that there is merit in the first suggestion made by the hon. member for Charlevoix (Mr. Asselin) that a reasonable rate of interest be fixed for those persons with low incomes. If we can subsidize people who are moving from an isolated outport in Newfoundland to some other area and if we are going to provide housing subsidies and incentives for some home owners, it well may be that we should be considering something for people with low incomes,—I am not prepared to say whether it should be at the level below $6,000, $7,000 or $8,000, but somewhere between that of the person who has nothing but his old age pension and the person in the lower middle income level.

There might seem to be good reason for doing this, but it is not as simple as it sounds because we must not overlook the person who made an investment in housing last year, with an income of $6,000 or $5,800 or perhaps less. Should it be made retroactive? If it is not made retroactive then there will be discrimination against some of our good people. I should like to admit, however, and I want the hon. member to know, that his suggestion merits serious consideration and it is one which is receiving and will continue to receive serious consideration.

In respect of another suggestion made by the hon. member for Charlevoix and supported by the hon. member for Winnipeg North (Mr. Orlikow), the one concerning the 11 per cent tax on building materials, hon. members heard my colleague the Minister of Finance (Mr. Sharp) deal with that last night. Hon. members know how the Carter report dealt with it. The conclusion of the Carter royal commission is that the money must come from somewhere and that until some new general tax formula has been found that will bring in the money needed the tax on building materials might just as well be left as it is at this time.

Again I should like to point out another difficulty. Is anyone going to seriously suggest that the man who builds a luxury hotel to make a profit or who builds an office building to make a profit and in so doing uses building materials should not pay the tax on the materials that are needed by him any more than a tailor, a manufacturer of television sets or a manufacturer of essential household utilities should? Why should there be any difference in the sales tax such people pay and the tax we pay on necessities? I believe this accounts for the conclusion in the report of the Carter report that until the whole matter has been looked into and new tax formulae are adopted this would not be the appropriate time to make such a change.

I have already mentioned the coming conference on housing, but there is also the matter of research. I wonder how many people in Canada know what is being done in Canada in the field of housing research. I wonder how many people in Canada know what is being done by our federal housing agency, Central Mortgage and Housing Corporation. Our architects and others who have considerable experience in these fields are continually in consultation with the housing authorities of the other countries of the world who are members of the UN. They meet periodically and exchange data. In addition, individual research grants are made to the universities with the advice and co-operation of the National Research Council in this field. We are doing much more work in the research in this field than people realize.

We are also co-operating with industry in research. Hon. members have heard of the Alcan houses and the use of synthetic building materials. We are using some of these materials in a housing project in England. There is the Maple Leaf project which is being completed at Harlow, near London. I wonder how many members of this house know we have a housing project involving 175 houses at Harlow, where Canadian lumber, hardware, synthetic and other building materials made in Canada are being used. This is being done in an effort to find markets for building materials of this country. It is part of our research program, also part of our trade program. So a lot more is being done in this field of research than many people think and this must, of course, be encouraged.

With regard to the suggestion of the hon. member that we should furnish a greater amount to the provinces and municipalities, I ask him how much more can we be expected to furnish for public housing than 90 per cent. Surely the provinces and the municipalities between them can furnish the necessary land, which no doubt would represent at least 10 per cent of the value. If we are prepared to lend 90 per cent of the money, I do not think any sensible person, who has any regard for the situation described by the Minister of Finance yesterday and by the President of the Treasury Board (Mr. Benson) last Thursday would suggest that we should go beyond that. How many people in Canada know that when it comes to urban renewal the federal government pays 50 per cent of the cost of urban renewal projects, that the provincial government pays 25 per cent and that the municipality, unless it makes an arrangement with the province, pays the other 25 per cent?

• (5:40 p.m.)

You should also realize that a municipality can borrow two thirds of the money it needs for urban renewal at the same attractive rate from the federal government. This again demonstrates the absolute need for more publicity and for greater distribution of information in this important and essential field.

Having regard to the last suggestion made by the hon. member that the federal government should bring pressure to bear on banks to get more funds for housing, let me say that it is all very well to suggest that but it is much more difficult to accomplish. One can exert certain pressures and do a lot of things in the housing field in time of war. My first connection with housing was when I was solicitor for the wartime housing corporation. At that time we did not have to worry about provincial or municipal laws or about niceties, we just went ahead and did what we thought was necessary in the interests of the war effort. It cannot be done so easily in peacetime. In this case the banks and other lending institutions asked me another very appropriate question when I asked for more money for housing. They asked us to make it clear whether we wanted more money for housing or wanted it to buy bonds. They tell us that we cannot have it both ways and they asked for some indication as to what we want, with the assurance they are prepared to co-operate. Let me make it clear, we, the government, have not indicated that we want the interest rate to go up to 8¼ per cent, but we have told these lending institutions that we are prepared to give them more flexibility so they can exercise their judgment whether they should invest in housing or buy equities, buy bonds, provincial bonds, municipal bonds or federal bonds.

Before I sit down I want to deal with another matter which was raised during our discussion of the estimates last week. At that time my attention was drawn to the fact that the limited dividend provisions of the National Housing Act were being overlooked and that little advantage is being taken of them. This again was brought to my attention very forcefully at one or more of the conferences which took place in March. As a result of studies which have since been conducted I have undertaken to revise our limited dividend program by adjusting upwards the limit of income in respect of admission to such housing units. Perhaps this should have been done five or ten years ago. Certainly it might have been done two or three years ago. However, so little use was being made of the provisions that seemingly they were being overlooked, with the result that people with incomes over $5,000 were not eligible to participate in these limited dividend projects, where there is relatively low interest on the money invested for private entrepreneurs who want to invest their money. As I say, I have undertaken to adjust the income level upward. This will mean that in large metropolitan areas those families with incomes up to $7,000 may qualify for admission. In rural areas the income level probably will be lower but in areas such as Vancouver, Toronto and Winnipeg it will be raised to $7,000.

I have nothing more to add Mr. Speaker, and I hope that the contribution I have made to the debate, with the support I have received not only from this side of the house but also a little from the other side, will cause hon. members to take a serious second look at the amendment introduced yesterday. If hon. members do not wish to break party lines I hope they will absent themselves during the vote, thereby assisting us to give approval of the sound principles that we have introduced to get our housing program under way.

In conclusion I should like to express my special thanks to the hon. member for London (Mr. Irvine) and the hon. member for Esquimalt-Saanich (Mr. Chatterton) for the kind things they said yesterday about the Minister of Labour.

Mr. Barnett: Would the minister permit a question before he sits down?

An hon. Member: He has already taken his seat.

Mr. Monteith: He might get up again.

Mr. Nicholson: That might happen, as I still have a minute or so.

Mr. Barnett: Having regard to the remarks he has just made about the income ceiling on limited dividend projects being increased, will the minister indicate what the situation will be in mining and forestry communities where similar projects are undertaken?

Mr. Nicholson: I cannot give a definite answer to that question. I have been more concerned about the larger centres in relation to the limited dividend problem. This program has been used extensively in and near Calgary but in very few other parts of the country. This situation was brought to my attention recently both in Vancouver and in other areas. I can assure the hon. member that there seems to be merit in his suggestion that this might be extended to new resource areas where the federal government is already giving special assistance. If we can get participation on the part of private entrepreneurs in those areas, we will be happy to do whatever we can to interest them.

Discussion on Housing

[*Translation*]

Mr. Latulippe: Mr. Speaker, I would like to put a question to the minister. How is it that it is so easy for the government to find capital funds and pay a low interest rate, a mere carrying charge or no interest at all for periods of 50, 60 or 70 years to assist foreign countries, but that when it comes to helping Canadians to buy houses, to find suitable accommodation, it can do nothing better than charge prohibitive interest rates?

[*English*]

Mr. Nicholson: In this enlightened day and age prosperous countries such as Canada certainly have international as well as national obligations. I personally would like to see Canada devote even more to the less fortunate nations. The amount now spent on foreign aid is infinitesimal compared with the amount we are pouring into housing.

Mr. Knowles: It certainly is.

Mr. J. R. Keays (Gaspé): Mr. Speaker, I was happy to hear the minister admit that some of the suggestions from this side of the house deserved study, because I am convinced that many of our proposals were advanced in an attempt to provide a solution to the problem. The problem is not one which relates only to a shortage of housing in Canada, and everyone agrees that it involves a crisis. The problem is of a monetary nature. We hope that the amendment moved by the hon. member for Esquimalt-Saanich will bring the problem to the attention of every member of the house. A solution must be found by those who have been entrusted with the administration of government.

The minister made some comments about the use of housing as an economic regulator and he paraphrased some of the statements in the Economic Council review. I am convinced that the day of using housing as an economic regulator is long past. If the minister will look closely at the recommendations of those who participated in the studies leading to the Economic Council report he will find that they also recommended a second look at the experience of the past regarding the use of housing as a stopgap, to be opened up when more jobs are required and closed when we have full employment. I therefore believe this to be the first step the minister should consider taking. He must keep in mind the fact that housing is an important problem that is with us now and will be with us in future years.

• (5:50 p.m.)

The minister also spoke about the great changes that took place last year in respect of the percentage of dwellings constructed of one category or another. Surely he is not trying to tell us that this crisis was not foreseen. Surely the government was warned about the changes that would take place in the housing field. The government must have known this situation would exist if they referred to the reports of two years ago and last year and also to the forecast of the swift movement of the population to our urban areas. The government must have known this would create the problems which face us today.

This debate has been of benefit in the following respect. The minister told us that the government is applying priorities with respect to the moneys available for housing. He mentioned housing for families of low income and direct lending for individual homes. The minister has never before made these few acknowledgements. I believe the debate has at least brought out these facts. However, all we have heard from other hon. members opposite who have participated in the debate is statistics pointing up the good record of the government and the bad or not so good record of the previous government. I do not believe we face up to this problem when we invoke the statistics of the past, because those statistics are not comparable with the situation that exists today. I say also, Mr. Speaker, that statistics by themselves do not build shelters. They do not provide homes for those who need them, nor do they make homes available to those in the lower and middle income brackets.

We have heard statements from two ministers, one who increased the interest rate to 8¼ per cent and the other the Minister of Finance (Mr. Sharp), who refuses to consider the removal of the 11 per cent sales tax on building materials. I am convinced that these are cold approaches to the problem. The only answer the government seems to have is that the problem will subsequently correct itself. In August the Prime Minister (Mr. Pearson) spoke about a conference on housing with the provinces. To date this conference has not been held. I admit that the minister endeavoured to give us a reason for its not being held. But I tell the minister that if we are to take the view that a provincial election every year in one or other of the provinces of Canada will make it impossible to hold such a conference, we will never have a conference of this type because one or other of the

premiers will be engaged in provincial political matters. According to the minister's statement it would be impossible to hold such a conference if there were a provincial election in progress.

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

Mr. Keays: Certainly.

Mr. Nicholson: Would the hon. member agree that six provincial elections within four months is a rather unusually high batting average for such a short period?

Mr. Keays: Yes, it is unusual to have so many provincial elections. It is also unusual to have so many problems in the field of housing. I believe it would have been usual had we asked some of the ministers of the provincial governments to contribute in some measure toward a solution of this problem. The minister is responsible for housing and is certainly aware of the increased demand for shelter that was forecast to occur between 1966 and 1970. Yet the minister contented himself with holding symposia in various cities across this land. He forgot to delve further into the real problem of housing which is one of finance.

I ask the minister, what consideration have we given to the construction industry in so far as it affects housing and commercial building in this country? The construction industry is the third largest contributor to our gross national product. Is it more economical to curtail housing drastically? Is it more economical to discourage the building of homes or to make homes unobtainable to prospective home owners? Is it more economical to have corporate investment postponed, with the result that 100,000 people will be unemployed?

If the situation is allowed to continue, during the coming winter months at least 100,000 people will be unemployed. There will be unemployed people who are specialists in the housing industry, and this industry requires many specialties. These people will not be able to sit around until we develop a new housing policy or commence new projects. They will endeavour to find employment elsewhere. The net result will be that when we begin to tackle the housing problem seriously the specialists will have gone. In this event there will be another increase in the cost of construction.

What are we to do about the commercial buildings that have been planned in all our cities and towns? Are we to force people to postpone these projects for another two or three years, thus putting more people on the list of unemployed and affecting the service industries to such an extent that many thousands more will be sent home and asked to draw unemployment insurance? I believe this is one consideration that must be dealt with by the government. Housing is not only a problem; it is a crisis. This we all admit. It is also a financial problem. This we admit. But let us find a solution to the problem, because if we do not we will create a much more difficult financial situation by allowing the construction industry to be reduced by 20 per cent, 30 per cent or 40 per cent. Mr. Speaker, may I call it six o'clock?

Mr. Deputy Speaker: Order, it being six o'clock, pursuant to provisional standing orders 6 (1) and 15 (4) I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Keays: Mr. Speaker, at six o'clock I was trying to impress upon the government the necessity for co-operation between the different departments of government. I was speaking about the responsibility of the government to ensure that the construction industry in Canada whould not suffer from the increased lending rate in connection with housing and also about the importance of assuring the construction industry that we will not use it as an economic tap to be turned on or off.

Mr. Speaker: Order, please. I hate to interrupt the hon. member but I should bring to the attention of hon. members that many conversations are going on in the chamber. This makes it difficult for us to follow the hon. member's speech.

Mr. Keays: Thank you, Mr. Speaker. I hope I have been able to draw the attention of the government to the fact that, although everyone in the house recognizes that we have a crisis in the housing industry we also recognize that there is a shortage of mortgage funds. However, I believe it is not the role of the members of this house to say that we have these problems, so therefore we must accept them and live with them. We have a duty to perform toward those who need housing, such as the young families across this

Division

country, and those who are in the construction industry. I think a solution to the problem can be sought through a study undertaken by the government.

Last night the Minister of Finance (Mr. Sharp) referred to some incentives. He said the following, as recorded on page 2733 of *Hansard*:

> while a remission of the sales tax on building materials is a desirable reform, it is one that is not nearly as important as many others, or many other more important steps that may be taken.

I suggest that if the Minister of Finance believes the removal of the sales tax on building materials is not the most important step that should be taken in order to reduce the cost of housing in this country, then it is his duty to tell us what other measures should be undertaken in order to alleviate the problem. The Minister of Finance, realizing the mess in which we now find ourselves, told us in general terms that there are many other remedies, but he did not specify what they were. He contented himself with saying that we have problems which are going to be resolved but they are going to be resolved at the cost of depriving the majority of Canadians of the right to own their own home. This is the suggestion which he has made. He suggested that time alone will cure this ill. I suggest this is a poor approach to the problem.

• (8:10 p.m.)

The hon. member for Winnipeg North (Mr. Orlikow) today suggested the removal of the sales tax on building materials used in house construction, but on the other hand said the sales tax should be retained for commercial projects. I do not accept that approach. If we are to remove the sales tax let us remove it completely. Let those with the ability to develop, develop. I do not wish to see the poor remain poor. Let us improve their lot and at the same time allow others who have the incentive to produce retain that incentive and go on producing.

Earlier this year many big developers right across the country postponed construction projects, expecting that interest rates would drop. Now, major construction across the country will drop off. Who will suffer the consequences? The workers in the construction industry will suffer. Earlier in the year money was available at 7¾ per cent and 8 per cent for major construction. That money will now cost 8¾ per cent to 9 per cent.

Last week the Minister of Labour (Mr. Nicholson) asked us to admit that the new interest rate of 8¼ per cent is a realistic one. I say let him be realistic and realize that this new rate is depriving the majority of our population of the hope of ever owning their own homes. Who can afford to own his own home when the mortgage rate is 8¼ per cent? If we are going to burn the candle at both ends we will be in trouble.

If we have to pay this high interest rate, I say we should make a serious study of the economics of the situation. By abolishing the 11 per cent sales tax and seeking the co-operation of the provinces on the removal of their provincial sales taxes, we could give more Canadians the opportunity to own their own homes. This is a serious situation, and I was happy, Mr. Speaker, to second the amendment moved by the hon. member for Esquimalt-Saanich (Mr. Chatterton).

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

• (8:20 p.m.)

YEAS

Messrs:

Aiken
Alkenbrack
Allard
Baldwin
Ballard
Barnet
Beaulieu
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Brand
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Caouette
Chatterton
Churchill
Clancy
Coates
Code
Crouse
Danforth
Dinsdale
Dionne
Enns
Fairweather
Fane
Fawcett
Flemming
Forbes
Forrestall
Fulton
Gauthier
Gilbert
Godin
Grafftey
Grégoire
Grills
Gundlock
Hees
Horner (Acadia)
Irvine
Johnston
Jorgenson
Keays
Kindt
Knowles
Korchinski
Lambert
Langlois (Mégantic)
Laprise
Lewis
Loney
MacDonald (Prince)
MacEwan
MacInnis (Cape Breton South)
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
Macquarrie
MacRae
McCleave
McKinley
McQuaid
Madill
Mather
Mongrain
Monteith
Moore
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nielsen
Nowlan
Nugent
Orlikow
Ormiston
Otto
Pascoe
Patterson
Prittie
Pugh
Rapp
Régimbal

Ricard	Smith
Rynard	Starr
Saltsman	Stefanson
Scott (Danforth)	Thomas
Scott (Victoria (Ont.))	(Middlesex West)
Sherman	Valade
Simard	Winch
Simpson	Woolliams—98.
Smallwood	

NAYS

Messrs:

Andras	Lefebvre
Asselin (Richmond-Wolfe)	Legault
Badanai	Lessard
Basford	Lind
Batten	Loiselle
Béchard	Macaluso
Beer	Macdonald (Rosedale)
Benson	MacEachen
Blouin	Mackasey
Boulanger	McIlraith
Byrne	McNulty
Cameron (High Park)	Marchand
Cantin	Matheson
Caron	Matte
Cashin	Morison
Chatwood	Neveu
Choquette	Nicholson
Chrétien	Nixon
Clermont	Noël
Comtois	O'Keefe
Coté (Dorchester)	Olson
Coté (Longueuil)	Orange
Coté (Nicolet-Yamaska)	Ouellet
Cowan	Pearson
Crossman	Pelletier
Davis	Pennell
Deachman	Pepin
Drury	Pilon
Dubé	Prud'homme
Duquet	Racine
Émard	Reid
Ethier	Richard
Gordon	Rideout (Mrs.)
Goyer	Rinfret
Gray	Robichaud
Greene	Rochon
Guay	Rock
Habel	Roxburgh
Haidasz	Ryan
Harley	Sauvé
Hellyer	Sharp
Honey	Stafford
Hopkins	Stanbury
Howard	Stewart
Hymmen	Tardif
Isabelle	Teillet
Jamieson	Thomas (Maisonneuve-Rosemont)
Klein	Tolmie
Lachance	Tremblay (Richelieu-Verchères)
Laflamme	Trudeau
Laing	Tucker
Langlois (Chicoutimi)	Wahn
Laniel	Walker
Laverdière	Whelan
Leblanc (Laurier)	Yanakis—112.
LeBlanc (Rimouski)	
Leboe	

• (8:40 p.m.)

Mr. Speaker: I declare the amendment lost.

Division

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Speaker, I was paired with the hon. member for Rivière-du-Loup-Témiscouata (Mr. Gendron). Had I voted, I would have voted for the amendment.

[*English*]

Mr. Harkness: Mr. Speaker, I was paired with the Minister of National Defence (Mr. Cadieux). Had I voted, I would have voted for the amendment.

Mr. Herridge: Mr. Speaker, I was paired with the hon. member for Matapédia-Matane (Mr. Tremblay) who was called away to attend a state function. Had I voted I would have supported the amendment.

Mr. Watson (Châteauguay-Huntingdon-Laprairie): Mr. Speaker, I was paired with the hon. member for Wellington South (Mr. Hales). Had I voted, I would have voted against the amendment.

Mrs. Wadds: Mr. Speaker, I was paired with the hon. member for Niagara Falls (Miss LaMarsh). Had I voted, I would have voted for the amendment.

Mr. Skoreyko: Mr. Chairman, I was paired with the hon. member for Victoria (British Columbia) (Mr. Groos). Had I voted, I would have voted for the amendment.

Mr. More: Mr. Speaker, I was paired. Had I voted, I would have voted for the amendment.

Mr. Speaker: The question is now on the main motion. The hon. member for Cumberland.

TRANSPORTATION—EFFECT OF NEW FREIGHT RATES ON MARITIMES

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a grievance. I suppose I should say my main grievance is the fact that we did not win this vote. To be more realistic, I should like to say that there is no matter of more immediate concern to the Atlantic provinces than transportation, especially when it affects the movement of goods in or out of the area. This must obviously be evident to the new Minister of Transport (Mr. Hellyer), and to the government, as a result of the decision of the Board of Transport Commissioners on August 2 to allow the new non-carload tariff which became effective on September 2.

Rate Structure on Freight on Maritimes

As a member from the maritimes, I could use many words that have been used by politicians from our part of Canada since 1867 to describe our feelings as a result of changes in rates, rules, practices and conditions and all of them would qualify so far as I am concerned to describe the urgency of the situation which now faces the business community in the Atlantic area.

I am sure the minister has been informed by members of his own party of the dangers which are inherent in the new rates for l.c.l. shipments. At the same time, I must assume that the minister either has not considered the matter to be as serious as I believe it to be or that the members of his party who have brought the matter to his attention have not been able to impress him with the extent of the damage that has already been evident and which will continue to be in evidence unless action is taken immediately.

I wish to urge the minister immediately to effect a moratorium on the decision of the Board of Transport Commissioners of August 2 and allow a period in which proper submissions can be prepared to show why the new rates should not apply in the Atlantic provinces. The arguments against the allowance of these rates are as old as confederation. We, as Canadians, should not be entering into the second century of confederation in a far more disadvantageous position than that in which we were when we entered into union in 1867.

In recent years, the provincial governments in all four Atlantic provinces have made a determined effort to attract new industry and maintain old industries in our area. We have always been at the mercy of the railways in so far as transportation is concerned because we have not had the competition that is very much in evidence in central Canada. While the new rates do represent reductions in former first and second class express rates, this is of no interest to shippers who formerly used l.c.l. freight service, the type of service which previously looked after the large volume of non-carload traffic. From this point of view, this type of traffic is subject to very severe increases. Articles of a bulky nature such as luggage, boats, canoes and potato chips will have to face staggering increases. Examples indicate increases as much as 288 per cent for potato chips, 369 per cent for canoes, 171 per cent for outboard motor boats and 228 per cent for steel tanks. Another example is the increase on stoves or ranges where the increases average 90 per cent.

[Mr. Coates.]

• (8:50 p.m.)

In the area of the Atlantic provinces with which I am familiar there is a manufacturer of luggage, namely the Christie Trunk & Bag Company. They desperately need an alternate form of transportation if they are to compete on a regional and national basis. There are two stove manufacturers in Sackville as well as The Enterprise Foundry Company Limited and Enamel & Heating Products Limited. These organizations have been in business for many years and have surmounted almost every imaginable obstacle in order to maintain national businesses. They certainly will find difficulty in hurdling this last obstacle created by this government in the form of this substantial increase in the new freight rates.

If this government is concerned about inflation, surely it does not want to increase the burden that will naturally fall on the shoulders of the consumers by increasing the freight rates, which will be the result of the freight rate structure now proposed by the railways. If the railways wish to maintain their volume of business, a more realistic set of rates should be adopted, particularly in view of the fact that shippers have had less than two weeks to prepare themselves for these new rates, although the new rates on non-carload lots were filed with the Board of Transport Commissioners on August 2. Would it not be proper and prudent for the Minister of Transport to declare a moratorium in order to take a long second look at the likely results of these increased rates, and a second look at what may happen to the business communities of the Atlantic provinces if these rates are maintained? In this way the government could show the people in that part of Canada that it is not the minister's or the government's wish to drive many of these small businesses, and perhaps many of the larger ones as well, into bankruptcy. Let me suggest to the minister that a very real crisis exists in the Atlantic provinces as a result of these less than carload lot rates. I ask the minister to take action now.

Mr. Melvin McQuaid (Kings): Mr. Speaker, it is not my desire to unduly prolong this debate but I feel I should add my voice to those protesting this single rate structure which has been described, I think correctly, as the most radical rate change in the century. This is bound to have a discriminatory and adverse effect on the economy of the Atlantic area. I cannot understand why there seems to be a diabolical design on the part of this government to discriminate against this

area which needs all the help it can possibly get to improve its economy.

In substantiation of that fact, one has only to look at the latest report published by the Unemployment Insurance Commission which indicates that during the past fiscal year it paid out $52.5 million in unemployment insurance benefits in this area. Surely this gives hon. members an idea of how badly the economy of the Atlantic area needs a shot in the arm rather than the type of discrimination which will occur under this new freight rate structure.

The amount paid in unemployment insurance benefits in the Atlantic area is exceeded only by the amounts paid in the provinces of Quebec and Ontario, and we must not forget that those two provinces have greater labour forces than the Atlantic provinces. In 1966 in the Atlantic area the labour force consisted of 626,000 people. In January of that same year there were 106,000 of that labour force unemployed. That represents 17 per cent of the total labour force, the highest percentage in any part of Canada. Yet, this government has the temerity to go along with a rate structure which is definitely going to discriminate against the economy of that area.

In the Atlantic area we have the lowest average wage of any area in Canada. In 1966 the average wage, not including agricultural wages, in Prince Edward Island was $64.71 per week; in Nova Scotia it was $76.27 per week; in New Brunswick it was $80.22 per week and in Newfoundland it was $84.91 per week. The national average wage in Canada for the same period was $96.53 per week. In view of these figures, is it any wonder that we in the Atlantic provinces are asking for help to improve our economy? Whenever the government gets the opportunity it discriminates against us. This latest move to unify the rate structure, if I may use that term, is just another example of this discrimination.

There is no question but that this new rate structure will increase the cost of production and increase the cost to the consumer in the Atlantic area. Normally a change of this kind would have to be approved by the Board of Transport Commissioners, but by reason of the new legislation enacted not long ago this approval is no longer necessary. If you refer to the debate that took place at that time you will find it was pointed out that this system would result in our freight rates being increased. At that time we were assured that this would not be the effect, yet today we find our fears have been realized.

Not long ago I read a press report to the effect that the hon. member for Westmorland (Mrs. Rideout), when questioned about this matter said that she had been assured by the government that there would be no discrimination against the Atlantic area. I hope the hon. lady has the courage to stand up tonight and castigate the government for allowing the present situation to develop.

This new rate structure will be of some assistance to those manufacturers and shippers who have been shipping entirely by express, but there are many small manufacturers in the Atlantic area who ship from point to point within the area who will be adversely affected. They do not manufacture or sell their products on a scale which would allow them to ship carload lots.

The new rate is apparently based on cubical content, which is multiplied by ten pounds per cubic foot. I wonder where that ten pounds per cubic foot formula was found. It seems to be exceedingly high in view of the fact that when you ship by air, and the capacity of an aircraft is much less, the cubical content is multiplied by 6.9 pounds. This new formula will tremendously increase the freight rate for manufacturers who ship less than carload lots. I think it has been accurately estimated that in some cases the rate will go up by some 282 per cent. Surely, this is a tremendous discrimination against the small manufacturer in the Atlantic area who ships from point to point. It will not greatly affect the larger manufacturers in central Canada who ship mostly carload lots.

• (9:00 p.m.)

We have a great many small manufacturers in our area, Mr. Speaker. I suggest that industry should be encouraged and we should not trample upon the transportation facilities that exist. As I say, we have in the area a great many small manufacturers who will suffer severely, if not be forced into bankruptcy, by this change. I therefore suggest that the government give very serious consideration to nullifying this change, and immediately.

Hon. Hugh John Flemming (Victoria-Carleton): Mr. Speaker, any remarks which I shall make or any ideas I attempt to advance this evening have been pretty well covered by the hon. member for Cumberland (Mr. Coates) and the hon. member for Kings (Mr. McQuaid) who has just spoken. However, there are a few matters I should like to bring to the attention of the new minister. In the same breath I congratulate him on his new portfolio. If he

considers it to be an easier job than his previous portfolio, we will try to convince him in the next hour that this is not so.

It seems to me that we have to deal with the whole question of the change that has been made. As was pointed out by my hon. friend for Kings, the change has been made without going before any judicial body which would examine the effect it will have upon the industries of the region concerned. I ask the minister to take particular notice of this fact. I believe that the change in rates and the elimination of the less than carload rates, with the substitution of express rates at a much higher figure, will impose a tremendous hardship on all small businesses; and the maritimes are full of small businesses. It is in small businesses that for many, many years the people of the maritimes have been employed.

Therefore, it seems to me this is a special situation so far as the maritimes are concerned and the minister should seriously reconsider this new policy. He should also consider that there are only a few industries producing goods in sufficient quantity to take advantage of carload shipments, the availability of transport trucks and that sort of thing. It was my understanding during the debate on transportation that we were looking for a national transportation policy for this country. Ever since I was honoured by being elected a member of this house I have heard the cry, regardless of the complexion of the government in office, for a national transportation policy.

I am sure that every hon. member who listened to the debate on transportation felt that we were perhaps now moving toward a national transportation policy. As I understood what was said in that debate, and as it was explained to us, the medium of transportation that would be used would be the most economical. I believe that was part of the argument used in favour of the act as it now stands. My hon. friend for Cumberland is quite correct when he says that this whole question of transportation is as old as confederation. We all know it is as old as confederation. We all know that what made confederation possible was the promise of the Fathers of Confederation that railways would be built. At that time railways were the medium of transportation. We have built railways to the east.

As I am sure the minister knows from his reading of the history, preferential rates were extended to the maritimes at the time of the building of the Intercolonial Railway. Later, the railway was built connecting the province of British Columbia with central Canada. This made the whole of the country one new nation. Part of the deal by which confederation became possible, concerned the question of transportation. Today, transportation is just as important as it was in those days. Perhaps it is now even more important. Therefore, I appeal to the minister to review this whole question.

I have some information in this respect. I am told that in the constituency I have the honour to represent in this chamber some industries will be most adversely affected by this change in policy. I am sure that the point raised by my hon. friend from Kings with respect to cubic content is very detrimental to the producers of potato chips. While I cannot speak with authority as a result of having contacted these producers, I have no reason to think that the information at my disposal is anything but accurate.

Therefore, I ask the minister to look into the question of this particular product. Nothing could be more important than that we have this industry in our constituency. We have several large food processing plants, and the potato chip industry and the transportation of this product is most important. Anyone who read the last issue of the *Executive* magazine will have seen the picture of the two McCain boys on the front page, with their families. I must say this is a most attractive picture and I commend it to the attention of the minister, if he has not already seen it, because it is an excellent piece of work.

We are very proud of the McCain family, what they have accomplished and the fact that they have a world wide market for their product. They have obtained a market for the produce of the farms, not only for potatoes but for various other products processed in their plants. We view with a great deal of alarm and misgiving any proposal that would in any way harm this industry.

We have the Hatfields in Hartland and the Piries in Victoria County. We are concerned about the effect of this policy on such industries because we do not want anything to happen that would impair the activity of these companies or the people they employ. These people represent a great proportion of the available labour force in our locality.

In the lower part of New Brunswick we also produce candy. I am given to understand that there are increasing difficulties in the

marketing of this product because it is required to be shipped a long way and transportation is vital to the industry. My hon. friend from Cumberland has referred to Sackville. I have always believed that the building of stoves in Sackville is a negation of the general idea that you cannot have heavy industry in the maritimes. In this part of the province one of the heaviest articles of equipment is built, namely, stoves. They have to be shipped as far west as the Pacific coast and compete with similar products from central Canada.

We are concerned about anything that would detrimentally affect this industry. It is not my intention to pick out these industries particularly, but they just occur to me as examples of the industry in the region. I am sure the minister would wish to give his special attention to these matters and would not allow a change in policy of the nature suggested to jeopardize the continuation of this type of business.

• (9:10 p.m.)

I understand that by the substitution of express rates for less than carload freight rates a tremendous hardship is imposed which sometimes amounts to as much as 200 per cent or more, as has been mentioned by one of the previous speakers. I am sure the minister is not anxious to see that sort of thing continue, and I appeal to him to give his personal attention, at the first opportunity, to remedying this injustice. I believe there might be a severe injustice in the activities I mentioned.

I should also like to mention that the town of Woodstock in the county of Carleton has recently seen the establishment of a piano factory. Everybody knows that it is impossible to ship carloads of pianos. I think that the elimination of less than carload rates would be a very serious matter for them, although I confess I have not heard anything from these people; they have not made any protest to me. I am simply worried that this newly established industry, which is just now getting into operation, might run into trouble. When the premier of New Brunswick spoke the other day during the ribbon cutting ceremony, he visualized this factory as the future piano centre of the world. In view of the fact that there will be an election soon, his exaggerated language may be more readily understood. Nevertheless, he visualized Woodstock as the piano centre of the world. If he is right in some of these happy thoughts, then no one would want to interfere with this project. So, I ask the minister to look into that particular point as well.

I have now exhausted the notes that I have here. I hope the minister will give my comments the attention which I think they deserve.

Mr. Robert McCleave (Halifax): Mr. Speaker, I wish to join the hon. member for Cumberland (Mr. Coates), the hon. member for Kings (Mr. McQuaid), as well as the former premier of the province of New Brunswick in raising a grievance on these rates at this time. I shall make my chief point first, and I shall return to it later in my remarks.

When the new brave world of Canadian transportation was unfolded before us in all its wide flung splendour last year one assurance was given to Atlantic Canada, namely that our problems would be dealt with separately and fully and that in the meantime, until they were dealt with in this parliament, no harm would befall the citizens of Atlantic Canada. Yet, as has been so well unfolded by the previous speakers, we have had an increase in rates that was unexpected, unjustified and against the very spirit of the words proclaimed by the government spokesman, the former minister of transport, even though he or his successor may be able to hide behind the small print. So many of us on this side argued last fall when the transport act was being debated that no government and no parliament should attempt to deal with transportation problems on a piecemeal basis. If there were going to be a national transportation policy, then let it apply to all of Canada. We were assured that the government would deal first with the area west from Quebec. Then, they would get around to the specific problems of the Atlantic provinces and deal with them satisfactorily at a later date. However, this assurance hinged on two things: first, the words "at a later date", and second, that we were going to get the report of the special committee which had struggled with Atlantic problems for lo, these many moons. The later date is now, that is obviously to our disadvantage; the committee has reported, and that also is obviously to our disadvantage. I only wish that instead of being here, addressing you and other members of the house tonight, I and other members were out fighting this issue because it properly belongs in the hands of the people who can decide whether or not the government has kept faith with them. They have not kept faith with the people in Atlantic Canada.

Rate Structure on Freight on Maritimes

Let me compose myself for a few moments before returning to the main subject. A few days ago an Ontario born vice president of what is, I believe, the oldest business firm in Halifax and one of the oldest business firms in Canada, Mr. E. G. "Ted" Jarvis of William Stairs Son and Morrow Limited, had the following to say in an interview with the reporter for the Halifax *Chronicle-Herald*. I quote from the end of that interview the following statement by Mr. Jarvis:

With the new rates, a merchant must raise his prices, and I think the public should know why.

That is the crux of the question before us this evening. There is a simple answer which can be given to the public why these increases have come into effect. It is that we were given an assurance when the new transport act was passed by parliament and later we were given something else entirely. That is why hon. members have spoken before me and I am sure hon. members will speak after me in this chamber this evening. We were promised that our province would be dealt with separately, but in line with the national transportation policy some time during the current session of parliament. Now, we are confronted with the possibility that small businesses in Atlantic Canada may be driven to the wall, and heaven only knows Atlantic Canada can ill afford that. Some of these small businesses will be driven to the wall by the natural turn of events, but surely this should not happen as a result of an unnatural turn of events. That is why I wish that an issue such as this one could be taken before the people so we could put right what is obviously wrong.

Let me put it in the terms of a small business man, someone who cared enough to spend $100, $150 or $300 to place an ad in the *Chronicle-Herald* of Saturday, September 30, 1967. His name is David Cuperfain. He deals in shoes, a humble but basic need. I think I can tell my hon. friends across the way that politically he is uncommitted. I know because I have talked to him. I would like to have him in my corner. I think that after this he will be in my corner, but at least he has been looking around. He will not do any shopping at the current Liberal prices. Here is what he said:

At the beginning of this month a noose was put around the economic neck of our region which is going to strangle it as sure as the sun is going to rise tomorrow.

The railway companies put into effect a new freight rate which increased the cost of railway freight, in some instances, by up to 400 per cent.

[Mr. McCleave.]

"Impossible" you say. Permit me to demonstrate to you. Our firm received 240 pairs of children's rubber boots, that sell for $1.99 in our store. Under the old freight rate structure our railway freight bill would have been $16.00 or over 6 cents per pair; under the new rate we were charged for exactly the same shipment $57.60 or a whopping 24 cents per pair.

Mr. Speaker, I did my arithmetic and according to my calculations the increase in the rates has caused the cost of these shipments to increase by $41.60. This represents an increase of somewhere in the neighbourhood of 400 per cent. No wonder there is an outcry in Atlantic Canada about this sort of thing, especially since it came like a bolt from the blue.

• (9:20 p.m.)

Continuing with Mr. Cuperfain, he makes this point:

Under the new freight rate system the railways are required to charge us a so-called uniform rate, but in areas where there is competition from the trucking industry the railways can and will cut those rates to meet the competition. And so, central Canada, with an active and competitive trucking industry, will get a cut in their freight rates by the railways and we in this region will pay much more. Can you see the diabolical arrangement? We, trying to build up our economy by every means possible, will not only be pushed back to a subexistence but we will in effect be subsidizing the freight rates of our affluent cousins in central Canada.

Does that argument sound familiar, Mr. Speaker? It has been repeated over and over again in this chamber for the last 20 or 30 years by a right hon. gentleman who is not with us at the moment but who will be back, and by others. It has been the same message over and over again. When the increases come, they fall on the eastern and western part of Canada because the central part of Canada has at least the built in safety of competition. The result for Atlantic Canada is that the price of our import goods goes up, and the competitive factor we had hoped would encourage our export goods goes down.

The Maritimes Transportation Commission in its "Tips and Topics" for September, 1967, makes a point which I think is a further indictment of the government, the Department of Transport and its minister, or the new set-up that was brought in by the government. The article reads:

The new non-carload tariff which became effective on September 5 was filed with the Board of Transport Commissioners on August 2, 1967.

I interject parenthetically that this is not long ago, about a month and four days.

It was not until August 21, however, that sufficient details were available to the Maritimes Transportation Commission to commence an assessment of its effect on Atlantic provinces shippers.

Now, sir, we are getting into an area of two weeks and one day.

Concurrently with the coming into effect of the new tariff, all non-carload express rates were cancelled, with the exception of certain less than carload rates on Atlantic provinces fresh fish and seafood. Less carload freight rates issued to meet motor truck competition were also cancelled September 5. The published charges for cartage services were likewise cancelled on September 5.

We are right down to the eleventh hour, sir, with these various tariffs.

After September 5, the railways will no longer provide cartage service for non-carload traffic except when such traffic is assessed the new non-carload rates. Other less than carload class and commodity freight rates on Atlantic provinces' traffic have not yet been cancelled and shippers may utilize these rates provided the consignee and shipper perform the pick-up and delivery service.

That is the situation in an economic nutshell as seen by people familiar with transportation. But I can put it in an even smaller and neater nutshell than that. We, in Atlantic Canada, have been had by the transportation policies of the government. I say that again, sir. We have been had by the transportation policies of the government.

Again, I go back to my first thesis. If the government had presented a national transportation policy with all its ramifications, pro and con so far as my area is concerned, and pro and con so far as any area is concerned—we all have to live with the credits and the debits of confederation—showing the effects on our own areas, we would have been in a proper position to assess the benefits and the disabilities to Atlantic Canada, as well as the benefits and the disabilities to central and western Canada.

However, we were promised something. We were promised, "Your problems will be dealt with separately, and in a very fine way." That was a promise which we accepted in the House of Commons last year, and unless the government can remedy the situation now the only redress to achieve what we thought that promise meant is to go to the people and change the government.

Some hon. Members: Hear, hear.

Mr. Heath Macquarrie (Queens): Mr. Speaker, in my ten years in the house I have not taken part in what is known as the grievance period, but tonight I am moved to say a few words. I would like to say that the brevity of my remarks is in no way correlated with the depth of my concern for the subject which the hon. member for Cumberland (Mr. Coates) has so very efficiently, effectively and eloquently opened.

I agree with what my colleagues from the Atlantic provinces have said about the problems, resulting from developments following the passage of new legislation in the field of transportation. As the hon. member for Cumberland has said, transportation issues are to us as old as confederation. Obviously, because of our geographical location, transportation and communication have been in the very forefront of our economic and political problems and of the economic and political queries which we have directed to the central government.

As my colleagues have indicated, at the present time there is a feeling of disappointment, to use a euphemism, resulting from new methods, new changes, which have exacerbated and aggravated existing problems and inequities, some might say iniquities, that have existed and do exist as the result of our geographical location. I would like to submit, sir, that for two areas in our region, the two island provinces, the difficulties are especially acute.

In Prince Edward Island, along with the less than beneficent results of the new legislation, we have been subjected to an increase in the rates on transportation, including ferry transportation. We have been subjected to a further delay in the causeway. Needless to say, neither factor has done anything for our economy, or for the hopes and aspirations of our people who, as long ago as 1873, were given precise, definite commitments in the realm of transportation.

On the other island, Newfoundland, the people are faced with something disturbing to them sociologically, and very upsetting in terms of economics, the withdrawal of passenger service on the railway. None of these things were mentioned in the terms of union some few years ago. I am disturbed about the surprising calm in reference to this very important measure, a startling economic deprivation and a major transportation dislocation in the newest province of the dominion. If no one is going to speak for that new province, I would venture to say a word on its behalf tonight. This is not to suggest, God knows, that Prince Edward Island has no problems—

Rate Structure on Freight on Maritimes

Mr. O'Keefe: On a point of order, Mr. Speaker—

Mr. Macquarrie: Prince Edward Island has problems, but I do say—

Mr. O'Keefe: On a point of order—

The Acting Speaker (Mr. Rinfret): Order. The hon. member is rising on a point of order.

• (9:30 p.m.)

Mr. O'Keefe: I addressed the house earlier on this very problem which is of intense concern to all members of the house and of particular concern to those representing the maritimes.

Mr. Macquarrie: I was basing my remarks on the fact that a careful reading of the St. John's newspapers shows they were decrying the failure of many members representing Newfoundland to respond to certain indignant representations from labour unions. It is not my purpose to enter into a crossfire with members from another province or party. I am only interested in the enhancement of the transportation facilities in Newfoundland. As a member of another island province which has suffered much at the hand of the dominion government, the hon. member might appreciate our help rather than seek to divert me from my cause.

On behalf of the hon. member's province, I wish to say that the forcible unemployment of hundreds of people in Newfoundland is of great concern. I ask the Minister of Transport (Mr. Hellyer) to bend a sensitive ear to the problems of those people. I have seen little indication of sensitivity, but I live in hope. I do not thrive on adversity and I would be more interested were the minister to take an active part toward making the transportation legislation more sensitive to the needs of our area and especially to the needs of the island provinces which will need, after many years of inequality, some measure of redress. Let us have that rather than the bureaucratic, soulless interpretation which will leave us farther behind the rest of the country than we now are. I urge the minister to take an early look at some of those problems which my colleagues, and especially my colleague from Kings (Mr. McQuaid), so eloquently elucidated tonight. This is a grievance, as transportation so often has been a grievance in this country. We are suffering today because the central government lacks sensitivity. I invite the government to remedy their political situation by taking concrete steps, economically and legislatively, not so much on our behalf as on behalf of our area and the country as a whole.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, as the hon. member for Queens said, it is not the intention of those of us representing maritime constituencies to make this grievance a partisan matter.

Some hon. Members: Oh, oh.

Mr. Fairweather: I hesitated before seeking the floor. I hoped that a maritime member who supports the government would share our concern for this most serious matter.

An hon. Member: Why are you laughing?

Mr. Fairweather: Because I have a happy attitude toward problems and I feel that to smile is better than to smirk or sneer.

Some hon. Members: Hear, hear.

Mr. Fairweather: I had not expected, when rising in this debate, to share my personal philosophy with the house; but if challenged I shall be ready for that, too.

Let us return to the issue, the change in the transportation economics of the maritimes. As the hon. member for Victoria-Carleton (Mr. Flemming) has said, the l.c.l. rates have been abandoned and express rates imposed on less than carload shipments. I think that the new minister, who does not yet represent a constituency in the maritimes, will be glad for this crash course in maritime transportation economics. He will not learn much from this speech; still, he will get the idea that we who oppose the government are united in this serious grievance.

Some hon. Members: Hear, hear.

Mr. Fairweather: I will leave to others the difficulty of pointing out to the minister the benefits of this joint briefing. It is obvious that there are many disabilities in the area. Perhaps we should not advertise them; but if we are to speak factually it is well to admit that many obstacles face the industrialization of eastern Canada, not the least of which is the obstacle of transportation.

I will not repeat what has been said about specific instances, but I will say that lately in the Atlantic provinces, through the help of the Atlantic Provinces Economic Council and the Atlantic Development Board, we have been enabled to take a united stand on some of the disabilities that plague us.

The Atlantic Development Board has seen fit through public spending—I think the nation agrees with this—to alleviate some of the major road transport difficulties in that part of Canada.

The minister could be of specific assistance were he to have an urgent study made of the need for off-loading feed grain from vessels in the port of Saint John. It is a paradox that this great winter port can load cargoes for world markets and yet has not the facilities for off-loading grain, which is so necessary to agricultural economies in the lower and western part of New Brunswick.

The new cliché in parliamentary language is "priorities". I am interested in the development of clichés in parliamentary language, and "priorities" is the present one. I join my colleagues in asking the new minister to make it a matter of urgent priority to investigate those transportation matters that are of serious concern to many of us who represent Atlantic Canada.

Mr. Robert Muir (Cape Breton North and Victoria): I wish to take a few minutes of the time of the house to talk about this question which is of vital concern to the economy of the Atlantic provinces. I wish to thank the hon. member for Cumberland (Mr. Coates) for bringing this matter before the house this evening. Only this morning I received communications from my constituents, including one from the president of the North Sydney board of trade, in which they complained bitterly about these drastic freight rates.

I am pleased to see the minister. I do not wish to be harsh with him. He will agree, I am sure, that we became fond of each other when he was minister of national defence. I hope he does not take anything I say personally.

Before I go into detail may I place on the record the views of the Sydney board of trade as they appear in the Cape Breton *Post* of September 28. I shall deal with that immediately, as time is important.

The minister is aware of the views of those who have spoken here. I wish him to hear the views of others, outside this house, on this important subject.

• (9:40 p.m.)

Before I begin to quote from this newspaper may I say that the spokesman for the Board of Trade, a person by the name of Harvey Webber, was a prominent citizen of Sydney, a decent fellow and a good type of citizen. All I can say is that I have never known him to be a member of the party to which I belong. The heading reads: "Freight Rate Hike Blasted by Trade Board" and the article says:

> The Sydney Board of Trade has strongly objected to the Minister of Transport and the Express Traffic Association concerning the rushed implementation of a new system of railway freight rates which the board says will have a serious effect on consumer prices in the Atlantic Region.
>
> The board has been informed that under the new legislation railways do not require approval of rate increases.
>
> In fact, Harvey Webber, president of the board, says the new rates were not made available to the Maritime Transportation Commission until August 21 and were implemented September 5.
>
> Mr. Webber says the new system of freight rates introduced by the railways for less than carload freight service will have a serious effect on consumer prices in the eastern region.
>
> These increases, he adds, along with many other radical changes, climaxed the railway's amalgamation of their express and less than carload freight services by the establishment of a single structure of rates, rules and terms of carriage for all non-carload traffic.
>
> The board president said that "due to our geographical disposition, the Atlantic region is the largest railway user per capita in Canada, and, therefore, we are faced more with the increased costs."
>
> Increases brought about by the changes have had the effect of cancelling any advantage brought about by the Maritime Freight Rates Act.
>
> Mr. Webber adds, "According to figures released by the Maritime Transportation Commission representing local shippers, rates have increased by as high as 282 per cent in some cases."
>
> One example of the new rate structure, he says, would be to send 35 pounds of clothing from Stellarton to Quebec City. Former freight charges would have been $2.72 freight or $3.25 express. Under the new rate system it is $4, an increase of 47 per cent and 23 per cent respectively. Shipping a canoe from Truro to Halifax will now cost nine times more than under the old rate system.
>
> These new rules are due to the size and density formula based on 10 pounds per cubic foot of area, the charges will be based at 10 pounds. When dealing with items such as small chicks the effect is startling for cost increase.
>
> The Maritime Provinces Board of Trade has submitted a strongly worded brief on the subject to provincial premiers.
>
> But, Mr. Webber says, all businessmen and other shippers should concern themselves with this increase and its possible detrimental effect on our economy. "Consumers can expect to pay more for items shipped into this area by rail," the president adds.

I hope the minister has listened carefully to these comments by the Sydney Board of Trade as they appear in the Cape Breton *Post*. He smiles. Of course, to him Sydney is just a spot on the highway somewhere and I assume he is not too interested. At election time, though, he can become vitally interested.

Rate Structure on Freight on Maritimes

Another point I should like to make is this. During the period in which the minister was in charge of national defence the closing of bases in the Atlantic region threw hundreds of people out of jobs. In my own area 700 were thrown onto the streets by the closure of Point Edward naval base; not only have they been thrown out of employment but they face skyrocketing prices.

Since we have now lost the "skipper", the fellow from Bonavista-Twillingate, I thought we would now see a new look in the department. I understand from what I have read that the greatest ambition of the former minister of national defence was to become involved in transport, and that if he did he would make dramatic changes throughout the country and do great things for the future. I hope he will. Many fields of activity have been suggested and with the power he has in the cabinet I am sure that with one snap of his fingers he could bring about changes in these freight rates which would greatly benefit us in the Atlantic region.

With regard to Newfoundland, I have no doubt that the hon. member for St. John's has made strong representations on this subject but the cabinet never turns on its hearing aid no matter where the representations come from, whether from members of this party or members of their own. I have no doubt the hon. member has made representations on behalf of his own province; the fact that he was so close to the former minister of transport should have helped. That gentleman was a transplanted Newfoundlander; he was established there though he was not nominated by any convention. In any event, he has gone to greener pastures—and I mean, greener.

I do not wish to take up any more time. I am sure we shall have the opportunity on many occasions in the future to whisper into the ear of the present Minister of Transport (Mr. Hellyer) many of the things we should like him to do. Now that he has a new portfolio, let him not, for heaven's sake, make a mess of the Department of Transport as he did of the Department of National Defence.

Mr. J. P. Nowlan (Digby-Annapolis-Kings): I wish to add my voice to those of other members of the Atlantic area who have spoken during this grievance period on the subject of these freight rates which adversely and drastically affect the maritime economy.

Members more senior than I have spoken of their experience in taking part in grievance procedures. As a relatively new member I have wondered as to the effectiveness of this procedure. On this occasion, though, I have been impressed as, I am sure, the new minister has been impressed, by the fact that all hon. members who have taken part have addressed themselves to one basic problem which adversely affects the whole eastern region of this country.

I appreciate some of the minister's difficulties. He has entered upon the duties attached to a new and challenging portfolio. Moreover, last year in a dynamic and somewhat controversial way he was involved in the passage of a bill which caused a great deal of controversy and anxiety throughout the country. As a result, he does not, perhaps, appreciate some of the nuances involved in a transportation bill which gives the railways the power to do what they have done in the Atlantic region.

This is the nub of the problem. This concerns more than a bunch of maritimers crying in the wilderness over what has happened. The minister has shown in the past he can take dramatic action if he considers it to be necessary. We hope he can do as much to alleviate the position in which we now find ourselves. During the last ten years we have in the maritimes been giving effect to "operation bootstrap". We have been trying to lift ourselves up by our own bootstraps. Now, in the first year of the second century we find ourselves faced with "operation blackjack". We pull ourselves up by our bootstraps and get hit over the head by the blackjack in the form of these new rates which setback the whole of the Atlantic area.

I shall not speak at any great length because I know the minister is dying to get up and give some answer to the points we have raised.

• (9:50 p.m.)

In addition, since this is a non-partisan debate, I would love to hear from members opposite about this problem which involves people from all corners. The hon. member for Halifax (Mr. McCleave) said that somebody was not in his corner. I do not care, in whose corner these people are. They are not in one political corner or another; they are backed into a corner by the use of these l.c.l. freight rates. These rates have no connotation to anything. In this case the Atlantic area has been hit over the head with a blackjack because these less than carload rates are of no use to the east. We do not have pool cars, association cars or piggy-backs; we do not have the great volume that the other parts of Canada have. We have to ship in less than

carload lots. Here, we are faced with rate increases such as the 288 per cent increase for potato chips. I have several potato chip factories in my constituency. The hon. member for Victoria-Carleton (Mr. Flemming) also has some in his constituency, although their product is not as good as the product from my constituency. There is the 369 per cent increase on canoes. We do not have many canoes, but we do have furniture and motor boats. When there is a 400 per cent increase in the rate on shoes, then the maritime area cannot avoid being affected adversely.

The hon. member for York-Scarborough (Mr. Stanbury) paid attention to this debate and showed his interest in it. But, this is not just a case of the people from the maritimes crying in the dark. Previously freight rate increases were required to be justified before they were imposed. In the old days, the railways were required to appear before the Board of Transport Commissioners. We were assured by the predecessor of the present minister that nothing drastic would happen and that the study of maritime transportation problems would be completed before any action would be taken which would hurt the maritimes. We spoke in favour of the transportation bill. We brought in many amendments, but we appreciated that in order to have uniform legislation across the country some parts of the country must be hurt. The illustrious predecessor of the present minister gave us certain assurances. I was one of those who tried to point out to the minister why we should vote for this bill in principle, even though we were left unprotected.

It has been only a matter of a few months since the dire predictions were made, and now they have come true. I do not wish to run out the clock, because I know the minister wishes to reply. Perhaps the hon. member for Antigonish-Guysborough (Mr. Stewart) wishes to reply, as well as some other members from the Atlantic area. Hon. members on this side of the house were prepared to go along with the transportation bill on the assurances of the minister. The minister appreciated the fact that the special transportation problems of the Atlantic region required special study. I hope the new minister understands the implication of the remarks made by members on this side of the house. Even the report of the MacPherson commission recognized that the maritime area needed a special study. This report came in, and then before action could be taken on it the railways moved in to cut us off. As I say, this is operation blackjack which will adversely affect what has happened in the Atlantic area in the last ten years.

I wish to be non-partisan, but I must say that unless the minister exercises his discretion and individual talent, which sometimes brings forth protests from this side of the house, and changes these less than carload lot rates, the Liberals will become lost in the east. Regardless of what the minister says tonight, members on this side of the house will be anxious to see what concrete action is taken to relieve these immense increases which affect the east. Even though we do not have a great deal of manufacturing, that which we do have will be cut off before it has an opportunity to expand.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I have listened carefully to the grievance which has been expressed in the house tonight. I must say I have certainly had impressed on me the fact that my new portfolio is a very important one, certainly to the maritime provinces. It may be one that is not any easier than my previous one. I suppose only time will tell. I have also been impressed by the unity of the maritime members in their presentations. I might say, for the benefit of those maritime members on the other side of the house, that those on this side of the house had already made representations to me personally. I appreciate their having done so.

Mr. Crouse: I noticed that the hon. member for Antigonish-Guysborough (Mr. Stewart) spoke to you tonight.

Mr. Hellyer: This made it unnecessary for me, under the circumstances, to take up additional time in the house.

Mr. Fairweather: What did you say to them?

Mr. Hellyer: I said to them the same thing I am going to say to you.

Mr. Fairweather: Priority in due course.

Mr. Hellyer: This has, in fact, been a crash course in respect of transportation and the requirements of the maritimes. It certainly has been an acceleration of my education in respect of this very important subject, and naturally I am grateful for it. I am sympathetic to the needs of the maritime provinces. Notwithstanding what one or two of my hon. friends on the other side said, if one were to examine the statistics one would find that I have taken a number of actions which have

helped to maintain a very high level of defence activity and employment in those provinces, and certainly a higher level of expenditure than might have been the case if special efforts had not been made.

In so far as the recent rates are concerned, I should point out that I have not studied them. This has been suggested to me as a matter of priority. When I have studied them, and also the effect of them on industry and consumers in the maritimes, I will be in a better position to assess the implications so far as the growth and development of the maritime region is concerned.

Mr. Speaker: Order, please. It being ten o'clock, it is my duty, pursuant to standing order 56(2) to put the motion now before the house.

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

The Chairman: It being after ten o'clock p.m., shall I rise and request leave to sit again at the next sitting of the house.

Some hon. Members: Agreed.

Progress reported.

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

HOUSE OF COMMONS

Wednesday, October 4, 1967

The house met at 2.30 p.m.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBERS OF U.K. BRANCH OF COMMONWEALTH PARLIAMENTARY ASSOCIATION

Mr. Speaker: Order. May I bring to the attention of hon. members the presence in the Speaker's gallery of a very distinguished delegation of parliamentarians from the United Kingdom, Northern Ireland, Jersey Island and the Isle of Man. These distinguished visitors are members of the United Kingdom branch of the Commonwealth Parliamentary Association and they are visiting Canada, particularly Ottawa, at the invitation of the Canadian branch of the C.P.A. On behalf of hon. members I extend to them a warm and cordial welcome.

Some hon. Members: Hear, hear.

[*Translation*]

PRIVILEGE

MR. MONGRAIN—INABILITY TO BE HEARD DURING RECENT DEBATE

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I gave you notice this afternoon that I wished to rise on a question of privilege. Here is my grievance. I shall explain it as briefly and serenely as possible.

Mr. Speaker, I sat in on the whole three-day debate on housing. I heard 36 or 37 speeches; I followed with interest, 12 or 13 interventions by the Liberals 14 by the Conservatives 6 by the New Democrats and 2 by the Créditistes. I asked that my name be put on the list of speakers six times orally and four times in writing. I got up 23 times to be recognized and yet I have been unable to have my turn.

So, Mr. Speaker, I believe I have legitimate grounds for a grievance, because I think I have the same rights as all other members. And, if the objection is made that other members have not spoken, I may say that one day, if I ever contract a marriage of love or reason with one of the parties in the house, it would be for better or for worse, for worse in that I would let my point of view be stated by the leaders of the party rather than doing it myself when I have the time. That is my grievance, Mr. Speaker.

• (2:40 p.m.)

ABSENCE FROM CHAMBER OF MEMBER FOR YUKON

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, in accordance with the suggestion you made yesterday on my point of order over the prolonged absences of which the hon. member for Yukon (Mr. Nielsen) has been guilty from August 29, 1966 to September 25, 1967 in accordance with your suggestion, I felt it was more in order to proceed by way of a question of privilege.

I do not wish to quote authors such as Dawson who recalls among others, the case of Sir John A. Macdonald, called to the bar of parliament for failing to seek permission of the house for some of his absences.

I should like instead to view the facts in a modern context and recall that Mr. Robert Stanfield, new leader of the Progressive Conservative party, himself deplored absenteeism in the house, and I agree with him, Mr. Chairman.

The hon. member for Lapointe (Mr. Grégoire), whose interventions are frequent and even fruitful at times, raised a point of order in 1964, under standing order 5, when he asked, with the talent and ability known by all, permission of the house to absent himself, since the debate on the adoption of a distinctive flag was dragging on unduly.

A little later on, in 1965, the hon. member for Yukon (Mr. Nielsen), as reported on page 12,746 of the French version of *Hansard*, also raised a point of order under standing order No. 5 to point out that he expected to be called as a witness before the commissioner and chief justice Frédéric Dorion, who was presiding at the famous Rivard inquiry. The hon. member for Yukon then referred to standing order 5 as shown on page 12,746 of *Hansard*, saying that if he were called as witness, it would probably be more in order to comply with the provisions of the standing order.

Now, Mr. Speaker, the hon. member has been systematically absent since August 29,

1966. In looking through the official report, I notice that from August 29, 1966 to September 25, 1967, 41 votes were taken in the house, and the member who sits in the opposition, who is not a minister and who has no ministerial duties, did not take part in 32 votes, that is he has been absent 32 times when votes were taken.

Mr. Speaker: Order, order. I must intervene at this stage to remind the hon. member that he cannot make a historical account of the matter he is now raising.

It is just a matter of indicating the nature of the question of privilege and the Chair must give its ruling later on to determine if there is a prima facie question of privilege. Until such decision has been rendered, I do not think the hon. member can discuss the matter in detail.

Mr. Choquette: Mr. Speaker, I conclude by following your instructions.

I simply wanted to point out to your attention that standing order 5 requires that an hon. member must request leave of absence from the house if he has to be away. An hon. member who is always absent, without having asked the authorization of the house, is violating that standing order, and when I think that the hon. member for Saguenay (Mr. Blouin), who represents the largest riding in Canada, with a population larger than that of the Yukon, is always here, I say that the hon. member for Yukon shows great irresponsibility by being always absent. I do not ask that the same penalties imposed against congressman Clayton Powell be imposed against him, however—

Mr. Speaker: Order.

Mr. Choquette: —he should apologize.

[*English*]

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, on the question of privilege raised by the hon. member for Lotbinière, I should like to point out that his references to dates of absence on the part of the hon. member for Yukon are not true. I am not surprised that such an obviously spurious question of privilege should be raised by a member who is notorious for irresponsibility and his complete lack of understanding of parliamentary procedure. I am a little surprised, however, that he should raise it on the flimsy pretence that it concerns the privileges of this house, with all the implications inherent in such charge for all hon. members.

I am reminded, Mr. Speaker, of the Biblical account of the woman taken in adultery who was about to be stoned by the righteous. On that occasion our Lord said "Let he who is without sin cast the first stone"—an injunction, Mr. Speaker, we would all do well to ponder in the circumstances which have been so unnecessarily created by the hon. member for Lotbinière.

In its wisdom, over many years of practical experience this parliament has accepted certain rules as to the conduct and attendance at sittings of hon. members. To the newcomer to this house or to those who are ignorant of the peculiar nature of our Canadian confederation, these rules may appear too vague, too flexible and too loose. However, Mr. Speaker, I recall to Your Honour that of our 265—soon to be 264—federal constituencies, no two are exactly identical in size, territorial extent and boundaries, or in distance from the seat of government.

Mr. Choquette: The hon. member for Saguenay is always here.

Mr. Speaker: Order.

Mr. Starr: May I remind the hon. member that the riding of Lotbinière, for instance, is a pleasantly compact rural riding within easy commuting distance of Ottawa—I understand about 250 miles—and is well served by rail, road and even air.

Mr. MacInnis (Cape Breton South): But not by members.

Some hon. Members: Oh, oh.

Mr. Starr: The riding of Yukon, on the other hand, is a vast and distant constituency, ten times as distant and difficult of access by any means of travel when judged by the standards of Lotbinière. Almost each one of our 265 ridings is different in this respect.

There has been no question for many years of the attendance of a member being enforced, Mr. Speaker. If attendance is not enforced, then absence cannot be a breach. The last episode in Canada was a special case involving Sir John A. Macdonald. It was a matter of his having been named to a committee dealing with election breaches in Northumberland county. The other member of the committee was a Mr. Pearson, no relation of the Prime Minister I know.

• (2:50 p.m.)

Some hon. Members: Oh, oh.

Mr. Starr: They did not appear in the House of Commons and were ordered to be taken into custody. This appears in the *Journals* for May 10, 1873, at page 317. The historical explanation is that Sir John had remained at home for reasons of health of a liquid nature.

Some hon. Members: Oh, oh.

Mr. Starr: On May 12 Sir John received a medical certificate from Doctor Tupper which was read to the house in the form of an affidavit, as follows:

I, Charles Tupper, of the City of Ottawa, in the County of Carleton, Doctor of Medicine, do make oath and say: That having been called upon to give my professional opinion in reference to the state of health of Sir John A. Macdonald, a Member of the House of Commons, I stated my opinion that it was necessary for the preservation of his health, that he should for some days refrain from the discharge of his duties as such Member of the House—

Some hon. Members: Oh, oh.

Mr. Starr: I ask, Mr. Speaker, is it to be a requirement that members revert to this sort of practice? I submit that it is in the height of bad taste—

Some hon. Members: Hear, hear.

Mr. Starr: —it is completely futile and a waste of the time of this house for one member to point the finger at another for behaviour which is dictated for him by the unique nature of the constituency for which he sits. One wonders if the good electors of Lotbinière would not prefer to read of their member's concern for such matters as housing or the plight of eastern agriculture rather than his fatuous remarks and bitter personal attacks.

Mr. Speaker: Order, please. I wonder if the Leader of the Opposition does not think he has made his point. Perhaps I might be allowed to deal with the question of privilege. I can assure hon. members that I have had an opportunity to reflect on the matter raised by the hon. member for Lotbinière. He gave me written notice earlier today, and I am prepared to make a ruling now.

Some hon. Members: Agreed.

Mr. Erik Nielsen (Yukon): As I have been directly involved in this matter perhaps I might say a brief word. I do not intend to engage in recriminations with my hon. friend across the way, except to say that what he said is false and baseless with respect to the absences mentioned by him in *Hansard*. I could point the finger at several members on the opposite side whose record for attendance is a good deal worse than mine.

Mr. Choquette: That is not true.

Mr. Nielsen: The hon. member says it is not true.

Mr. Choquette: It is not true.

Mr. Nielsen: He will not involve me in the name calling in which he is involved.

Some hon. Members: Oh, oh.

Mr. Nielsen: I may say that I have been absent over the past few months, but I have also been attending in the house over the past few months. While I have been absent I have missed the hon. member for Lotbinière as deeply, I am sure, as he has missed me.

Some hon. Members: Oh, oh.

Mr. Nielsen: May I, as a substantive point to the one that has been raised, refer Your Honour to page 2755 of *Hansard* for yesterday. The translated heading under which the hon. member raised this question is as follows: "Inquiry as to the prolonged absence of the member for Yukon".

An hon. Member: Terrible.

Mr. Nielsen: In all fairness I think that heading should be deleted; at least it should have been couched in terms to show that it is a mere allegation by the hon. member for Lotbinière and not a *fait accompli*, as one might gather by what appears in *Hansard* of yesterday's date. That is all I have to say.

Mr. Speaker: I had asked the co-operation of hon. members to allow me to make a brief ruling on the point raised by the hon. member for Lotbinière.

Dealing with the last point of the hon. member for Yukon, I feel sympathy for his suggestion that perhaps the heading of that paragraph in *Hansard* was not quite appropriate. We might have referred to the question in terms of an allegation rather than in terms of a statement of fact. I can assure the hon. member that the official records of the house will be corrected accordingly.

Yesterday the hon. member for Lotbinière raised a point of order affecting the privileges of the hon. member for Yukon, and I suggested to him that these allegations could not be considered under the guise of a point of order. In accordance with the standing order he has now served the Chair with notice of

the question of privilege he intended to raise today.

[*Translation*]

I remind the hon. member for Lotbinière that standing order 5 has, in fact, been out of date for a long time. I invite him to acquaint himself with the remarks made by Professor Dawson on page 89, of his book entitled "Procedures of the Canadian House of Commons". The author indicates that that particular standing order has not been in force since the year 1877. For all useful purposes, standing order 5, even though never abolished, has been replaced by the provisions contained in the act on the Senate and the House of Commons. That legislation provides for penalties to be imposed in case of unjustified and repeated absence by a member. I believe that, in such cases, the provisions of that statute prevail.

I have therefore come to the conclusion that the question of privilege raised by the hon. member for Lotbinière cannot be considered further.

[*English*]

[*Later:*]

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I rise on a point of order, and I think this is the appropriate time to raise it. Today your attention was drawn to a heading in *Hansard* with regard to the hon. member for Yukon which was considered to be inaccurate. I notice that as recorded on the next page, 2756, I rose on a question of privilege immediately following that. My point of order is that there is no heading at all to my question of privilege and I suggest, sir, it should read "Inquiry as to subversive activities of the hon. member for Lotbinière."

CANADIAN CITIZENSHIP ACT

AMENDMENTS RESPECTING RESIDENCE REQUIREMENTS OF HUSBANDS AND WIVES

Mr. Hubert Badanai (Fort William) moved for leave to introduce Bill No. 156, to amend the Canadian Citizenship Act.

Some hon. Members: Explain.

Mr. Badanai: At the present time the Canadian Citizenship Act does not place a husband on the same basis as a wife. Subsections 1 and 2 of section 9 and subsections 6 and 9 of section 10 provide for the case of a woman whose husband complies with certain requirements to become a Canadian citizen, but does not allow the husband of a woman who has complied with the same requirements to become a Canadian citizen.

For example, present regulations require a woman whose husband is a Canadian citizen to have resided in Canada for a period of at least 18 months immediately prior to the date of her application, whereas they require a man, whether or not he is married to a Canadian citizen, to have resided in Canada for at least five years immediately preceding the date of his application.

It is for the purpose of removing this and other similar anomalies that this bill is proposed.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GREAT SLAVE LAKE RAILWAY

Question No. 94—**Mr. Baldwin:**

1. Has the Great Slave Railway line operating from a point near Grimshaw, in the province of Alberta, to Great Slave lake, in the Northwest Territories, been declared as a work for the general advantage of Canada?

2. If so, on what date was this railway declared to be for the general advantage of Canada?

3. Does the Board of Transport Commissioners for Canada have jurisdiction over the Great Slave Lake Railway?

4. Are the operating and maintenance personnel of the Great Slave Lake Railway employees of Canadian National Railways, the Great Slave Lake Railway, or some other entity?

5. Are these employees subject to the Canada Labour (Standards) Code, the Canada Pension Plan and/or The Railway Act?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows:

1 and 2. While no specific declaration has been made paragraph 1 of chapter 56 of the statutes of Canada 1960-61 respecting the construction of the line of railway and paragraph 6(1)(C) of the Railway Act c. 170 s.1 RS 1952, read as follows:

1. In order to establish transportation services to and from mining properties in the area of Great Slave Lake, in the Northwest Territories, and otherwise to assist in the development of Northern Canada.

6(1) (C) every railway or portion thereof, whether constructed under the authority of the Parliament

of Canada or not, now or hereafter owned, controlled, leased, or operated by a company wholly or partly within the legislative authority of the Parliament of Canada, or by a company operating a railway wholly or partly within the legislative authority of the Parliament of Canada, whether such ownership, control, or first mentioned operation is acquired or exercised by purchase, lease, agreement or other means whatsoever, and whether acquired or exercised under authority of the Parliament of Canada, or of the legislature of any province, or otherwise howsoever; and every railway or portion thereof now or hereafter so owned, controlled, leased or operated shall be deemed and is hereby declared to be a work for the general advantage of Canada.

3. As the line of railway is still under construction, the Canadian Transport Commission jurisdiction applies only to construction of grade crossings and grade separations and/or installation of highway protection. The railway operation complies in all respects with relevant statutes.

4. Some employees such as those operating work trains are employees of Canadian National Railways. Others are employed by contractors working on the line.

5. Yes, in so far as Canadian National Railway employees are concerned.

C.N.R. PASSENGER SERVICE IN NEWFOUNDLAND

Question No. 190—**Mr. Hees:**

1. Does Canadian National Railways plan to discontinue rail passenger service in Newfoundland?

2. Has Canadian National Railways set probable dates for the discontinuation of passenger service in Newfoundland?

3. How many employees have been laid off by Canadian National Railways to date?

4. How many jobs will be affected if discontinuation of Canadian National Railways passenger service becomes an actuality?

5. What plans has Canadian National Railways made for finding alternate employment for those to be affected by discontinuation of passenger service in Newfoundland?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1. Authority must be obtained from the Canadian Transport Commission before any discontinuance of rail passenger service. The Canadian National Railway proposes to make such an application to the commission due to the fact that since completion of the Trans-Canada highway across Newfoundland there has been a rapid decline in passenger train revenues. The service which the railway can provide with the equipment and rail facilities available cannot compete with the advantages of travel over the highway. As a result, the company has decided to embark upon a bus operation to provide the people of Newfoundland with a faster, more convenient passenger service.

2. It is proposed that rail passenger service be discontinued concurrent with inauguration by Canadian National of highway bus service tentatively set for June 1968.

3. None.

4. About 150 positions in railway operations; however, these will to some extent be offset by the establishment of positions for bus operation.

5. Every effort will be made to place surplus employees in alternate employment.

BUTTER IMPORTS

Question No. 334—**Mr. Laprise:**

1. How much butter, of what value and from what countries, was imported during the year 1966-67?

2. How much butter does Canada have in reserve?

3. How much butter does the government intend to import during the year 1967-68?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Trade and Commerce and Agriculture as follows: 1. The quantity and dollar value of butter imported into Canada during the year 1966-67 was:

Year 1966*		
Country	Quantity (Cwt)	Value ($000)
Belgium-Luxembourg	16,643	405
France	43,898	2,251
Netherlands	171,199	3,986
New Zealand	160	8
United States	2,220	60
Totals	234,120	6,710
Year 1967* (January to March incl.)		
Belgium-Luxembourg	46,849	1,086
New Zealand	22,400	846
Totals	69,249	1,932

*All of the butter imported during 1966 and January to March 1967 was imported for processing and re-export or for re-export as ship's stores, with the exception of the butter imported from New Zealand in January to March 1967. This was imported by the Canadian Dairy Commission for consumption in Canada.

Questions

2. On July 1, 1967, stocks of creamery butter in cold storages and dairy factories in Canada amounted to 47,406,000 pounds, compared to 57,602,000 pounds as at July 1, 1966.

3. Information not available.

*SETTLEMENT OF C.B.C. WAGE DISPUTE

Question No. 364—**Mr. Ormiston:**

From January 1, 1966, to September 1, 1967, has the government, the Minister of Labour, or any official of the Department of Labour ordered, directed, recommended, suggested or determined that C.B.C. management agree to a particular wage settlement with a specific union at a level higher than that recommended, suggested or determined by the C.B.C.?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): I am informed by the C.B.C. as follows: In September 1966 the Department of Labour participated in the deliberations of the National Association of Broadcast Employees and Technicians and the Canadian Broadcasting Corporation, with respect to a wage dispute. These deliberations resulted in a settlement mutually acceptable to both parties.

LOCATION OF NEW BUILDINGS IN GATINEAU COUNTY

Question No. 370—**Mr. Isabelle:**

What will be the exact locations of the two federal buildings shortly to be constructed on the Quebec side of the national capital, one in the city of Hull and the other in the municipality of Lucerne in Gatineau county?

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): The Department of Forestry and Rural Development Headquarters Building will be located in the vicinity of the Canadian Government Printing Bureau, in the city of Hull, Quebec.

The Forest Research Centre will be located on the west side of Mountain road, near the intersection of Gamelin boulevard, in the municipality of Lucerne, Quebec.

[*English*]

EXTENSION OF FISHERMEN'S INDEMNITY PLAN TO PRAIRIE PROVINCES

Question No. 378—**Mr. Stefanson:**

1. Has the government plans to extend the fishermen's indemnity plan to fishermen in Manitoba and the other prairie provinces?

2. If so, when will this become effective?

[Miss LaMarsh.]

Hon. H.-J. Robichaud (Minister of Fisheries): 1. Yes.

2. As soon as the provinces indicate their readiness to participate in the administrative arrangements for the field work of appraisals, premiums and contact with fishermen.

EXTENSION OF FISHERMEN'S SHORE INSTALLATIONS INDEMNITY PLAN TO MANITOBA

Question No. 380—**Mr. Stefanson:**

1. Has the government plans to extend the fixed fishing gear and shore installations indemnity plan to fishermen in Manitoba?

2. If so, when will this become effective?

Hon. H. J. Robichaud (Minister of Fisheries): 1. Yes, this coverage is part of the fishermen's indemnity plan.

2. As soon as the provinces indicate their readiness to participate in the administrative arrangements for the field work of appraisals, premiums and contact with fishermen.

RESALE PRICE MAINTENANCE BY FIREARMS MANUFACTURERS

Question No. 394—**Mr. Enns:**

1. Have complaints about resale price maintenance practices been received by the director of investigation and research against certain firearm companies, specifically Remington, Browning and Ithaca?

2. Has any study been made by the director of investigation and research to determine if the price fixing of guns by manufacturers through franchised dealers constitutes a restrictive trade practice under section 34 of the Combines Investigation Act?

3. Has any action against the firearms manufacturers been taken?

Hon. John N. Turner (Registrar General): 1. Yes, with respect to Remington.

2 and 3. The general practice is that no information is given out as to whether a particular inquiry has been, or is being pursued with respect to a particular group of companies or individuals unless and until a report is published or proceedings are taken in the courts.

QUESTION PASSED AS ORDER FOR RETURN

CANADA MANPOWER CENTRE

Question No. 350—**Mr. Johnston:**

1. Was it necessary to change the name of the National Employment Service to "Canada Manpower Centre" and, if so, for what reason?

2. What was the total cost of (a) separating offices (b) separating staff (c) rental of non-federal owned buildings (d) discard of stationery and other office supplies for change of name?

3. What was the total number of staff, in the unemployment insurance and employment services separately, in 1965 and in 1966, and if the 1966 figure is not available, what is the estimate?

4. What was the area of square feet occupied by both offices in 1965 and in 1966?

5. How many persons above the classification of local office manager were employed in 1965 and how many in 1966?

6. What was the amount of salaries paid for these persons above the classification of local office manager in 1965 and in 1966?

7. How many directors and assistant directors were there in 1965 and in 1966?

8. What were the salaries of each of these persons in 1965 and in 1966?

9. How many commissioners were there in 1965 and in 1966?

10. What were the salaries of each in 1965 and in 1966?

11. How many federal ministers were involved in Canada manpower and unemployment insurance in 1965 and in 1966?

12. What were the salaries of each in 1965 and in 1966?

13. How many local office managers (or equivalent) were there in 1965 and in 1966?

14. What were the total salaries of these persons in 1965 and in 1966?

15. What was the total number of staff handling "special placements" in 1965 and in 1966?

16. What were the total salaries of these persons (as in part 15) in 1965 and in 1966?

17. What was the total number of authenticated placements in 1965 and in 1966 (disregarding persons called back to their own jobs)?

18. What was the cost per individual placement in 1965 and in 1966?

19. What was the total amount of N.E.S. salaries below the classification of local office manager or assistant in 1965 and in 1966?

20. How many persons of a staff below the classification of local office manager or assistant were employed in 1965 and in 1966?

21. What was the cost of moving staff and families to other positions in 1965 and in 1966?

22. Who was the chief commissioner in 1965 and in 1966?

23. What was the chief commissioner's salary in 1965 and in 1966?

24. What is the duration of his appointment?

25. What were the total expenses of "executive visits" from Ottawa to local offices in 1965 and in 1966?

26. Do local office radio and TV broadcasts still reflect the same jobs available after all these changes and, if so (a) for what reason (b) who pays for the increases in salaries, upgradings, etc., and costs?

27. What are the total annual costs to operate each regional and local office in addition to the costs to the department of the head office in Ottawa?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, would you be so kind as to call notice of motion No. 17?

I ask, sir, that the remaining notices of motions be allowed to stand.

TRANSFER OF INDIAN AFFAIRS OFFICE FROM AMOS, QUE.

Motion No. 17—**Mr. Laprise:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house copies of all documents and correspondence between the personnel of the office of the Indian agency in Amos, on the one part, and the Department of Indian Affairs and Northern Development, on the other part, in connection with the transfer of the district office of the Indian affairs branch from Amos to Val d'Or.

[*English*]

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. member is asking for correspondence which passed between officials of my department. It was correspondence entirely within the department, and customarily this sort of thing has not been made public. I would ask him to drop the motion.

Order discharged and motion withdrawn.

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON LEGISLATION TO BE DEALT WITH

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, on September 27 last I addressed a question to the right hon. Prime Minister regarding the business of the house, asking that at the earliest opportunity he submit a list of legislation expected to be considered during the present session and detailing a time table, to which the Prime Minister replied that he would be very glad to see that such a list was given to me and to other members. Is the Prime Minister now ready to submit this list of legislation?

Right Hon. L. B. Pearson (Prime Minister): I am sorry I have not been able to do that, Mr. Speaker, but I will consult with the house leader and try to get the list to my hon. friend as quickly as possible. As he probably knows, we will be debating the budget during the next four or five days, and during that time I hope we will be able to make clear what our proceedings will be afterward.

Inquiries of the Ministry

FORESTRY

FEDERAL PARTICIPATION IN STUDY OF FIRE PREVENTION METHODS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Forestry and Rural Development. In view of the serious loss of timber, scenic and recreational values caused by forest fires in British Columbia this year, has the minister received any request from the government of British Columbia for a joint federal-provincial study of new techniques to deal more efficiently with Canada's most persistent form of natural disaster, the forest fire?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, I want to thank the hon. member for having sent me notice of his question. So far we have received no official request.

Mr. Herridge: As a supplementary question, will the minister consider sending a representative of his department to attend the seminar called by the mayor of Trail, B.C., for some time in November, to discuss forest fire fighting methods, to which representatives of the provincial government and the governors of Washington and Idaho have been invited?

Mr. Sauvé: I will do this with pleasure, Mr. Speaker, if we are invited.

[*Translation*]

RURAL DEVELOPMENT ARDA

PROMOTION OF SECONDARY INDUSTRY IN NORTHWESTERN QUEBEC

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to put a question to the minister responsible for ARDA, the hon. Minister of Forestry and Rural Development.

Has the minister received representations concerning assistance from ARDA in setting secondary industries in northwestern Quebec?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Not as far as I know, Mr. Speaker.

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

Supposing the people in northwestern Quebec were to ask for assistance from ARDA, would the Industrial Development Bank co-operate with the minister?

Mr. Speaker: Order. The question is hypothetical.

[Mr. Pearson.]

[*English*]

EXTERNAL AFFAIRS

PROPOSED VISIT BY FRENCH AGRICULTURE MINISTER

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. In the light of newspaper reports on the subject could he tell us whether when the French minister of agriculture, Edgar Faure, arrives in Canada he will be conferring with him on such mutual problems as farm prices and the handling of farmers' demonstrations?

Hon. J. J. Greene (Minister of Agriculture): I regret to inform the hon. member that Mr. Faure's visit, due to circumstances beyond his control, has been cancelled.

THE CANADIAN ECONOMY

REQUEST FOR INQUIRY INTO INCREASED FOOD PRICES

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I would like to address a question to the Prime Minister. Would the government look into the causes which led to the 4½ per cent increase in the cost of food during the past two months, as a preliminary step to stemming the rapid rise in the cost of living?

Mr. Speaker: Order. I suggest to the hon. member that this is a very general question and cannot be asked at this time.

[*Translation*]

TRADE

TEXTILES—SUGGESTED RESTRICTION ON IMPORTS FROM JAPAN

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the hon. Minister of Finance and Receiver General.

In view of the fact that the sales of Canadian textiles have fallen off for the first time in five years while inventories have doubled, does the government intend in the near future to invite officially the Japanese government to restrict its exportations of fibres to Canada?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the government has already invited the Japanese government to do that. When I was in Rio I had the opportunity of

speaking directly to the Japanese minister of finance in order to support our application.

Mr. Ron Basford (Vancouver-Burrard): As a supplementary question, will the minister assure the house that nothing will be done to interfere with Canadian-Japanese trading?

Mr. Sharp: Mr. Speaker, this is the problem the government faces, illustrated most vividly by speakers on this side of the house.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, my question is directed to the Minister of Finance. Can he inform the house whether he has taken the necessary steps to protect the shoe industry in Canada?

Mr. Speaker: Order. I suggest that this question is much too general in scope to be asked at present. I believe that the hon. member is asking the minister to make a statement, which would be appropriate on motions.

Mr. Ricard: With all due respect, sir, I believe that my question is similar to that asked by the hon. member for Sherbrooke (Mr. Allard), since it concerns an industry of vital importance to the people of this country.

Mr. Speaker: Order. The hon. member has made his representations.

[*English*]

DRUGS

TORONTO—STEPS TO COMBAT USE OF MARIJUANA IN SCHOOLS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I would like to address a question to the Prime Minister. Has the federal government been requested to assist the efforts of Toronto municipal and school officials to combat the increasing efforts of international drug syndicates to push the use of marijuana in Canadian schools?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will have to look into that question.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO PROVINCES ACCEPTING INVITATION TO ATTEND

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, more than a week ago, on Monday, September 25, I asked the Prime Minister to inform the house what provinces had accepted his invitation to the federal-provincial conference called for early next year. The Prime Minister replied that he preferred not to do that then but if I would wait until the end of the week he could give a full reply. Is he now in a position to do so?

Right Hon. L. B. Pearson (Prime Minister): I can give a fuller reply, Mr. Speaker. I think seven provinces have accepted, and perhaps tomorrow I will be able to give the full list, including those which have not yet been able to answer my letter.

Mr. Erik Nielsen (Yukon): When the Prime Minister replies tomorrow perhaps he would also reply to the question I put to him on two occasions with respect to representation by the governments of the Yukon and Northwest Territories.

Mr. Pearson: Mr. Speaker, the Yukon and Northwest Territories will be represented at this conference in the usual fashion followed over the years by the federal government.

LABOUR RELATIONS

TORONTO—ADMISSION OF AVIATION FUELING FIRM SUPERVISORS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of Manpower and Immigration. Is he now in a position to answer the question put to him yesterday by the hon. member for York South concerning the reported admission to Canada of 15 supervisors to work for Consolidated Aviation Fueling of Toronto Limited in the face of a legal strike?

Hon. Jean Marchand (Minister of Manpower and Immigration): Yes, Mr. Speaker. I received the telegram to which the hon. member for York South referred yesterday. The report I have indicates that 15 supervisory men came from the United States and concealed the true purpose of their visit to Canada. They did not indicate to our officers that they were coming here to work for the Consolidated Aviation Fueling company. A meeting was held the following day with the president of the company following which our local officers decided, for reasons of safety, that these men could remain in Canada. I am assured now that this is not at all necessary, and these men will be asked to quit Canada within 48 hours.

Inquiries of the Ministry

FINANCE

INQUIRY AS TO REGULATIONS RESPECTING INTEREST DISCLOSURE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, perhaps the Minister of Finance could advise the house when he intends to publish and table the regulations concerning interest disclosure, as provided for under section 92 of the Bank Act.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I will answer that question tomorrow after I have made inquiries.

[*Translation*]

LABOUR CONDITIONS

MONTREAL—REQUEST FOR STATEMENT ON UNEMPLOYMENT CONDITIONS

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, my question is intended for the hon. Minister of Manpower and Immigration.

As the Economic Council of Canada foresees a marked increase in the number of unemployed this fall, and in view of the Canadian Press report which outlines special steps to alleviate the consequences thereof on Montrealers, can the minister make a statement on his plans to avoid an unfortunate situation this fall?

Mr. Speaker: Order. The hon. member is asking the minister to make a statement which can be allowed only on motions.

Mr. Valade: Mr. Speaker, may I put my question in another way?

Does the Minister of Manpower and Immigration intend to take steps in order to avoid a sharp drop in employment in Montreal this fall?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, in so far as my own responsibility is concerned, we have a new manpower training program as well as a manpower mobility program, and there is no doubt that my department will make every effort to improve the situation forecast by the hon. member.

Mr. Valade: Has the minister approached the authorities of the city of Montreal or the province of Quebec to discuss this situation which is expected to be rather serious?

Mr. Marchand: No, Mr. Speaker.

[Mr. Marchand.]

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to ask a complementary question.

Is it not the opinion of the hon. minister that it would rather be important to lengthen the winter work period instead of—

Mr. Speaker: Order. The hon. member is not asking a question but making a suggestion.

[*English*]

FISHERIES

INQUIRY AS TO ESTABLISHMENT OF GEOGRAPHICAL CO-ORDINATES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs, asking him whether during the time he was recently in the United States he was able to get the authority and permission of the United States government to establish the geographic co-ordinates from which the straight base lines will be drawn.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, it was not necessary to ask the United States for authority to establish either the co-ordinates or the straight base lines system. This is something that depends entirely on the policy of the government of Canada. I hope to be able to make a statement about this matter very shortly.

Mr. Howard: I have a supplementary question. I understand the hesitancy on the part of the minister to be more precise in view of the fact that he was precise earlier in the year and was unable to meet the deadline. However, can he tell us when—

Mr. Speaker: Order, please.

NORTHERN AFFAIRS

FORT CHIMO—INQUIRY AS TO MANUFACTURE OF OOKPIKS

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Are the current difficulties being experienced in respect of the Eskimo handicraft industry responsible for the cancellation of the manufacture of Ookpiks at the Fort Chimo co-operative?

Mr. Speaker: Order, please. I doubt whether this question is one that should be asked at this time.

Mr. Dinsdale: Mr. Speaker, this is a matter of great economic urgency in the north. Perhaps I could rephrase my question. Has the manufacture of Ookpiks at the Fort Chimo co-operative been discontinued?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Not to my knowledge, Mr. Speaker.

GRAIN

ALBERTA—REQUEST FOR INCREASED WHEAT QUOTAS

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I have a question for the Minister of Trade and Commerce, and in his absence I will direct it to either the acting minister or the Prime Minister. In view of the fact that as of October 2 there were still 213 points in Alberta without a one bushel wheat quota, can the minister inform the house what action the wheat board is taking to rectify this very serious situation?

Hon. Jean-Luc Pepin (Acting Minister of Trade and Commerce): Mr. Speaker, I will check into this matter and provide an answer tomorrow.

Mr. Smallwood: I have a supplementary question. As of the same date there were 197 points in Alberta on a one bushel quota as compared to 548 points in Saskatchewan. Will this discrimination be rectified after October 11, which is an important date—

Mr. Speaker: Order, please.

ROYAL CANADIAN MOUNTED POLICE

RAIDS ON OFFICES OF SERBIAN NATIONAL COMMITTEE

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to direct another question to the right hon. Prime Minister concerning the question I asked on September 28. At that time I inquired whether the Prime Minister had received correspondence dated September 16 from the Serbian national committee, whether he had acknowledged it, and what was the nature of his reply regarding this complaint. Can the Prime Minister answer this question now?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, as the minister responsible to parliament for the R.C.M.P. perhaps I might be permitted to deal with the question raised by the hon. member for Ontario. A letter under date of September 16 was received in the office of the Prime Minister on September 28. Acknowledgement of receipt of that letter was sent on September 29. A reply in substance will be forwarded from my office as soon as I have ascertained the facts concerning certain matters raised in the letter.

EXPO '67

REQUEST FOR FURTHER SHOWING OF FILM ON CANADA

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the urgent need of a decision will the Prime Minister have immediate studies made as to the possibility of an agreement being reached to have the world famous film about Canada, which is being shown at the telephone pavilion at Expo, and already viewed by over 5 million people, retained and shown across Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that matter is already under consideration. I am taking an active personal interest in this because, as I am sure all members will agree, this is something that should be shown in this country.

AGRICULTURE

FREIGHT SUBSIDIES ON TRANSPORTATION OF FEED GRAIN

On the orders of the day:

Mr. R. K. Andras (Port Arthur): Mr. Speaker, my question is directed to the Ministry of Forestry and Rural Development. Can he tell us what decision if any has been made by the Canadian livestock board regarding an appeal for transportation subsidies on feed grain, to apply in that part of Ontario west of the lakehead?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, an announcement will be made next week by the board in respect of the payment of transportation costs from the lakehead to various regions of northwestern Ontario.

Mr. E. F. Whelan (Essex South): Mr. Speaker, the minister informed the house last week that the board was considering similar

action in respect of feed grain produced in western Ontario. I am wondering whether any decision has been reached in that regard.

Mr. Sauvé: Mr. Speaker, I announced last week that a meeting was to be held in Montreal between representatives of the Ontario winter wheat board and the Canadian livestock board. I expect the board to take a favourable decision on transportation costs in respect of wheat and corn moving from western Ontario to eastern Canada. An announcement should be made early next week.

[*Translation*]

DOMINION-PROVINCIAL RELATIONS

AGREEMENT RESPECTING DEVELOPMENT OF TOURIST FACILITIES

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I should like to put a question to the Minister of Forestry and Rural Development.

Could the minister tell the house what kind of agreement has been concluded between the province of Quebec and Ottawa, because that province has apparently decided to develop tourist facilities only in its own parks?

Mr. Speaker: Order. I think that the question of the hon. member should be put on the order paper.

[*English*]

EXTERNAL AFFAIRS

REPORTED REFUSAL TO RECEIVE MEMBER OF SOUTHERN RHODESIA GOVERNMENT

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, my question is for the Secretary of State for External Affairs. Has the minister any objection to, or will he place any obstacles in the way of, a visit to Canada by a member of the de facto government of Southern Rhodesia?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I think this is a hypothetical question and on that account does not deserve the usual full reply that I give to the hon. gentleman.

Some hon. Members: Oh, oh.

Mr. Churchill: A supplementary question, Mr. Speaker, so we may get one of those full replies which will be not understood by anyone in the house. Is it not a fact that the minister refused to see a member of the government of Southern Rhodesia and declined him the courtesy of making a visit to Canada and conducting a speaking tour in this country.

Mr. Martin (Essex East): Mr. Speaker, I am not aware that I have refused to receive such a person; but I am aware that I belong to a government that has been doing everything it can to remove the discrimination that is practised by that government in Southern Rhodesia.

Some hon. Members: Hear, hear.

Mr. Churchill: I have a further supplementary question, Mr. Speaker. In order to assist in the ministers' aim and to assist the government of Southern Rhodesia to resist the terrorists who are entering that country, would the minister now consider discontinuing financial aid to Tanzania for military training purposes?

Mr. Martin (Essex East): Mr. Speaker, I should have thought that my hon. friend, who is a great believer in the commonwealth, would applaud the government for assisting this commonwealth country in the basic maintenance of its security.

Some hon. Members: Hear, hear.

HOUSE OF COMMONS

CENTENNIAL TELEVISION SERIES ON PROCESS OF PARLIAMENT

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the right hon. Prime Minister of which I gave his office notice. It is about the somewhat delayed centennial television series of this parliament. With great respect, Mr. Speaker, I need about a minute to say that on June 26—

Mr. Speaker: Order, please. The hon. member knows that we have a short question period this afternoon and I am afraid that even a minute is too long.

Mr. Fairweather: Fair enough, Mr. Speaker. In view of the fact that the right hon. gentleman has had four notices of this question over the past 13 weeks, will he now tell the house what plans are being made so that arrangements can be proceeded with forthwith?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I understand that this matter is before the committee on procedure. My hon. friend is a member of that committee, and may therefore be able to make progress in it. When a report from the committee comes to the house it will be submitted to the Speaker.

INDUSTRY

REMOVAL FROM CANADA OF HEAD OFFICES OF LARGE COMPANIES

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I should like to ask a question of the Minister of Industry. In view of the proposed move of the head office of Massey-Ferguson from Toronto to Des Moines, Iowa, and in view of the consequent deleterious effect of this move on the Canadian economy, has the government any plans to forestall similar action on the part of other important industrial concerns which in view of the present economic climate in Canada may regard such a move as advantageous?

Mr. Speaker: Order, please.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is to the Prime Minister. In view of the announced symbolic walk this Saturday, led by His Excellency the Governor General and members of the government, from Rideau Hall to parliament hill, does this participation by the government indicate that there will be no further reduction in Canada's external aid program?

Mr. Speaker: Order, please.

[*Translation*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, recently the Minister of Justice established a committee under the chairmanship of Mr. Carl Goldenberg to study constitutional arrangements. It seems this committee is willing to hear opinions from the public.

My question to the Minister of Justice is the following: Has the said committee received an opinion from the member for Winnipeg South Centre (Mr. Churchill) on whether he supports the concept of two nations?

[*English*]

Some hon. Members: Oh, oh.

Mr. Churchill: I do not approve of republicans like you.

HOUSING

STEPS TO INCREASE PARTICIPATION BY PRIVATE CAPITAL

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Finance. Can the minister say whether the government is giving consideration to the possible necessity of other measures being employed to divert private capital into housing?

Mr. Speaker: Order, please. It seems to me this matter was considered at length yesterday and the day before. I do not think the question in that form can be asked today.

Mr. Chatterton: With respect, Mr. Speaker, the information leading to this question has come to me since the debate finished yesterday. Perhaps the minister is ready to reply.

[*Later:*]

Mr. Chatterton: Mr. Speaker, may I reword my question to the Minister of Finance? Is the minister in a position to inform the house whether the government is giving consideration to measures to force the private sector to make money available to the housing industry, as was indicated last Sunday in Vancouver by the hon. member for Vancouver-Burrard?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, within the last few weeks and months the government and some of its agencies have been in touch with various lending companies, including chartered banks, encouraging them to play a full part in the financing of mortgages on homes.

CANADIAN CENTENNIAL

OBSERVANCE OF NATIONALIST CHINA DAY

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question arises out of the Prime Minister's answer to a question yesterday regarding the cancellation of the visit by Nationalist China premier, C. K.

Yen. Can the right hon. gentleman assure the house today that Nationalist China day on October 10 has not been cancelled?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the visit has not been cancelled. We learned this morning that the vice president who was to come was not able to leave because of the pressure of business. But the vice premier of the government will be arriving and he will carry on as the official representative of that country. We will be very glad indeed to receive him. He will arrive here accompanied by the minister of foreign affairs and the minister of trade, so I think that government will be very well represented in our official centennial celebrations.

DEFENCE PRODUCTION

CONTRACTS FOR NEW DESTROYERS—SALE OF SONAR EQUIPMENT TO ROYAL NAVY

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I have a question for the Minister of Defence Production, but first I would quickly say "St. Louis 2, Boston 1; game over". Has the decision yet been made with regard to the contracts for the lead yards for the new destroyers; and if so, what is it?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, it is expected that tenders will be called within a relatively short period. Decisions have been made as to which yards are judged to be competent to act as lead yards, and this decision has been communicated to the yards concerned.

Mr. McCleave: A supplementary question, Mr. Speaker. Could the minister tell us which are the lead yards?

Mr. Speaker: Order, please. I suggest that this question cannot be asked.

Mr. Drury: Mr. Speaker, yesterday the hon. member for Calgary North asked a question with respect to a report appearing in the United Kingdom press about Canadian designed sonar. The United Kingdom procured eight variable depth sonars from Canada which were produced by E.M.I. Cossor, Halifax, on a joint production line for the Royal Navy and the Royal Canadian Navy. These equipments are in service with the Royal Navy, and there is no indication that their performance is unsatisfactory. On the contrary, the United Kingdom decided to procure additional systems to fit a further eight ships and made arrangements with Canada to establish a production line in the United Kingdom. Production of these additional equipments is now under way and Canadian contractors are supplying various components for the new systems. The contractor in the United Kingdom, Cossor, has written a protest to the *Daily Telegraph* for the unwarranted news report.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I just wish to express my satisfaction that these reports have been found to be incorrect.

I have a supplementary question in regard to the tenders for the destroyer contracts. What was the reason for the long delay in these tenders being sent out?

Mr. Drury: There have been extensive consultations with the shipbuilding industry to devise, in agreement with them, a more effective and efficient method of calling for tenders than we have had in the past. Agreement has now been reached. These consultations have not led to any delay in the construction of the vessels.

CANADIAN CONFEDERATION

SUGGESTED SURVEY TO ASCERTAIN QUEBEC OPINION

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wish to direct a question to the Prime Minister. Having in mind the current concern over Canadian unity and the lack of any real knowledge of the feeling of the population of Quebec on this matter, my question is as follows. Could consideration be given to determining their sentiments by means of conducting an impartial survey of Quebec opinion.

WATER RESOURCES

PEMBINA RIVER—INQUIRY AS TO COMMENCEMENT OF CONSTRUCTION PROJECT

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Secretary of State for External Affairs. I think the minister will remember he promised to give me an answer to a question I asked him with regard to the possible start of construction, under the supervision of the International Joint Commission, of the Pembina river project in Manitoba and North Dakota.

Hon. Paul Martin (Secretary of State for External Affairs): I am sorry I did not give an earlier answer to the hon. gentleman, who asked me the question some days ago. The commission's international Pembina river engineering board has completed its study. The commission has held a series of public meetings. It is now completing the preparation of its report to the two governments. Until that report has been received and until the government has had an opportunity to examine it, I cannot say what attitude the government will take.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, I thank you for having recognized me. I wanted to put a question to the Minister of Labour but after due consideration, I have decided to refrain, because the answer might embarrass our distinguished visitors from England.

EXTERNAL AFFAIRS

CUBA—CALL BY O.A.S. TO SUSPEND TRADING

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the hon. Secretary of State for External Affairs.

Is the government aware of a recent request from the Organization of American States asking that trade and financial exchanges with Cuba be reduced, and what policy does the government intend to pursue in this respect?

Mr. Speaker: Order. I must point out to the hon. member that this question is too wide in scope and cannot be asked in such form at this time.

[*English*]

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, June 6, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith (p. 1197), and the amendment to the amendment of Mr. Cameron (Nanaimo-Cowichan-The Islands) (p. 1201).

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, in view of the relatively long period since this debate began in June I thought it might be helpful to the house if I spoke briefly this afternoon on the economic situation as I now see it, then on the outlook for revenue and expenditures, and conclude with some reference to the tariff changes resulting from the Kennedy round negotiations which I could not disclose at the time of the budget.

It may be recalled that on June 1 I said in my budget speech that the country was experiencing a period of readjustment following the overheated conditions of 1966. Some aspects of the economy were reasonably satisfactory, including the employment situation and our balance of payments position. I was able to forecast a fairly strong demand both for exports and for consumer goods. There had been some moderation in the growth of expenditures by governments as a whole on goods and services compared with the previous year and a flattening out was expected in business capital expenditures this year.

My budget speech underlined one most unsatisfactory aspect of the situation, namely, the continuing upward movements in costs and prices. I told the house that the rate of increase in consumer prices was more than we could tolerate on a continuing basis. It was evident that in general costs of production were rising more rapidly than prices, and I described one aspect of the situation in the following words:

> New wage settlements resulting from collective bargaining this year show increases as large as those of last year. Most of the increases now occurring in wage and salary rates, including executive salaries, are substantially in excess of the general increases in productivity that have been taking place. They clearly imply that further increases in prices are likely to occur.

All in all the budget speech forecast on June 1 was that the gross national product would rise this year by between 6.5 and 7 per cent including an increase in prices of not less than 3 per cent. Since June 1 the state of the Canadian economy has developed fairly well, indeed surprisingly like the forecast I made in my budget speech. If I may say so, Mr. Speaker, when we look at our country we find it to be indeed one of the most fortunate in the world and it continues to be very prosperous indeed. The problems that we face—and this is the first time in our history that we have ever faced any problems like these—are those of managing our prosperity. We have had now a continuing upward trend in the economy over more than six years and

there is no suggestion whatever of any downward turn in the future.

This problem of managing our prosperity and of dealing with the pockets of poverty that unfortunately still remain is a very difficult one. We have never encountered anything like this before, nor has any other country. We are moving out now onto unexplored territory. When I was in Rio, I discussed these problems with the ministers of finance of other similarly fortunate countries and I found they echoed my words.

This year our grain crop has fallen short of the bumper crops of recent years but is adequate to meet our export commitments and expected demands. Industrial production has increased moderately. Business investment expenditures in the second quarter of the year were down slightly, as expected, both on construction and equipment. Urban housing starts were high in May and June but, as is well known, declined in July and August. Consumer expenditures on durable goods increased strongly in the second quarter of the year. Our balance of payments and exchange position during the summer has remained relatively strong, reflecting the favorable influence of Expo and the centennial year on our tourist trade. The total of all demands on the economy, including those of governments, has continued to increase just about as anticipated.

Total employment has increased modestly during the summer, and the seasonally adjusted figure of unemployment after reaching 4.4 per cent in June declined to 4.1 per cent in August. In the budget speech I indicated—I was very frank about it—that some temporary increase in unemployment was possible this year in view of our rapidly growing labour force and the slower growth rate this year in production. My predictions in this respect were mostly accurate except that I really expected that unemployment might rise even more than it has.

The undesirable rate of increases in prices and costs, to which I referred on June 1, has continued. The need for restraint has not lessened. I shall have more to say about this in a few minutes.

On the whole I would still expect the gross national product this year to increase by 7 per cent or a bit more, around the upper end of the range I mentioned in June. I said at the time that if the figures were higher than 6⅔ per cent it would probably be accompanied by a further undesirable increase in prices, and that has proven to be the case.

[Mr. Sharp.]

• (3:40 p.m.)

The most notable developments of recent months have probably been those in the capital market. Despite a continuing expansion in the money supply, rates of interest have increased further both in Canada and the United States. Indeed this has been a world wide experience. As I noted on Monday evening in this house, at Rio de Janeiro last week I found that these high interest rates were one of the main preoccupations of nearly all the many ministers of finance attending the annual meeting of the International Monetary Fund. All of us agreed that never before had we been faced at one and the same time with easy money policies and high and rising interest rates. In the past we have associated high interest rates with tight money. Now for the first time we have high and rising interest rates associated with easy money.

In our own case, Mr. Speaker, these high interest rates reflect the attitude of investors on the one hand on the other hand the heavy demands in Canada for savings to finance housing, business investment and government requirements. They also necessarily reflect the high level of interest rates in the United States where similar conditions prevail and from which country we must import hundreds of millions of dollars in borrowed capital. The relationship between our interest rates and United States interest rates must be such as to attract into our country sufficient capital to make up the deficiency in our own savings.

The extraordinary condition of the capital markets is, I believe, influenced by three important factors. First, there is now unfortunately a widespread expectation of price increases continuing over a long period, which makes investors concerned about the real value of long-term bonds and leads them to demand higher yields in compensation. To remove this concern will require action that will dissipate this fear of inflation that overhangs the market. Second, there is an abnormal desire for liquidity, a preference by investors for holding highly liquid assets or short-term securities, and a desire by many businesses to have liquid assets so that they will be less dependent on borrowing in the future. Third, there appears to be a general expectation that the pace of economic expansion will quicken again before long and be reflected in continuing strong demands for capital.

Looking ahead to next year, I still see our own situation much as I described it on June 1 but complicated by the prospects of a

stronger resurgence of spending, prices and incomes in the United States unless these are held in check by tax increases there. In Canada I would expect consumer demands generally to increase more strongly next year and government demands for goods and services to increase slightly less than this year. The prospects for business capital expenditures on construction and machinery are hard to foresee at this time. Because of the relatively low level of profits this year, business investment may increase relatively little next year unless strongly influenced by the situation and by opinions in the United States.

We have already discussed at length this week the outlook for housing. There will certainly be a strong demand for housing and we can expect more capital to be available to finance it.

All in all, Mr. Speaker, we are making a successful transition from the high rate of expansion of the past year to the more sustainable rate of growth that is now beginning to emerge. This has really been quite a remarkable period. There were many people, among them members on the other side, who predicted that we would soon be facing a recession and warned us about this. But I would suggest to them that nothing like this has happened at all. The situation has developed as it was forecast in the budget speech, namely, that we would move from a very, very rapid rate of expansion through a period of inventory adjustment and on to a more sustainable level. And I believe we are so moving.

It has been a really quite successful transition except for one thing, Mr. Speaker, and that is that the rate of increase in costs and prices is still much too high. I feel that we must—and we will—find some way to bring this inflationary movement under control even, if necessary, by letting the economy develop a little more slack for a year or two while price and cost increases taper off. We would certainly prefer to avoid the sacrifices of production and income which this would, of course, involve, but if we cannot collectively and individually exercise the restraint that is called for in wage and price increases in the present situation, then there would appear to be no escape from an essential cooling off period.

I think it is important for all of us in the house to realize that the root causes of the rising prices and costs that we are now experiencing are not located in any one place. I know that it is very easy for members opposite to point to the government and say "You are the cause". I suppose this is the natural thing to do. It is always quite natural to point to the government and to say that the government is at fault in a given situation. In the present situation the government does have a responsibility. I hope that we will discharge it, and all my colleagues on this side are determined that we will discharge it.

But even if we fully discharge our responsibilities, Mr. Speaker, there will remain a problem which requires the utmost co-operation of other governments and of the public at large. Restraint is needed on government expenditures. However, may I say, in order to clarify one point that always causes me some concern when I read it in some of the comments made in the press, that I am not urging business to restrain its investment in productive equipment and in new buildings. I believe it is essential that business should go on expanding and increase its investment.

The kind of restraint that I am urging here is restraint in the field of prices and costs. This is where restraint is needed. Our objective is to have a steady expansion. The problem that we face, the problem the United States faces and the problem the Europeans face is, how do you combine prosperity with stability? This is a very difficult problem; I hope we all realize that. I trust that our debate on the subject will illustrate our understanding of the nature of this problem, because it is only if we understand it that there will be the proper public response which is necessary if we are going to deal with it.

On June 1 I forecast budgetary revenues, after the proposed tax changes, of $8,960 million and budgetary expenditures of $9,700 million for the current fiscal year. I now expect that because of rising costs and incomes both of these figures will be up by about 1½ per cent, leaving the prospective deficit about the same. After reviewing the situation carefully I am now satisfied that the deficit this fiscal year will not exceed what I forecast in the budget and which I still believe is appropriate to an economy in process of transition from a period of too rapid expansion to one of a more sustainable growth rate.

In June I forecast our total net cash requirements for the current fiscal year at $1,590 million. As usual, this forecast excluded any amount that was required to finance any changes in foreign exchange reserves after the budget date. I see no reason to expect any increase in our total cash requirements this fiscal year, a large part of which will be met

by reducing our cash balances. I shall be endeavouring, of course, to reduce our cash requirements below that figure if I can in order to keep to a minimum our demands upon the capital market.

• (3:50 p.m.)

I should like to re-emphasize the two points I have made because I have seen references in the press and elsewhere to fears that the budgetary deficit this year is going to far exceed our estimates, or that our cash requirements are going to far exceed the figures I put forward in the budget speech. In fact, I am satisfied that we shall stay within those figures. Ordinarily the government does not settle its future spending plans at this time of year. At present the situation we face in the capital market and the widespread concern over government expenditures require us to plan ahead as far as we can the general scale of our expenditures and revenues and our demands upon the capital market next year. The government is now engaged in a special effort to limit the growth in its expenditures next year. Many of our large spending programs are now related to the cost of provincial programs which we support, notably hospital insurance, higher education, assistance to those in need and equalization payments to provincial governments. We must also stand ready to assume our obligations with respect to whatever decisions the provinces make on medicare plans that conform to our legislation. To all of these this parliament has given a high priority.

Our public debt charges are increasing. The costs of our own operations increase as prices and wages increase and certain of the benefits we pay, such as veterans' disability pensions, must in all fairness be adjusted from time to time. Even with no new programs or major improvements, our expenditures must rise substantially and absorb most of the growth to be expected in our revenues. Yet a minimum of new programs and projects is necessary if our policies and actions are to meet the needs of a changing economy.

We are determined in our present review to screen out obsolete expenditure programs that cannot be justified in present circumstances. My colleague, the President of the Treasury Board (Mr. Benson) later in this debate will be talking about the efforts which have been made and the successes which have been achieved. We are determined to wield the knife on everything which we feel has low priority in whole or in part. We are making real progress but we will continue to be engaged on this task for weeks to come before we present the estimates to the house. Decisions already taken have required departments to postpone or eliminate many items that may be desirable but which must take second place to our other objectives. Already the Treasury Board has eliminated $650 million from the total amount requested by departments and agencies, and that is not the end. The President of the Treasury Board is grateful to those ministers who are responsible for the spending departments for the co-operation they have extended to him.

Mr. Lambert: On a point of order, Mr. Speaker, if the minister wishes to refer to deductions and reductions perhaps he could supply the house with the actual figures and tables and the references in which they appear. I shall have more to say about this matter. If the minister is to refer to such figures I think the house is entitled to the information for which I have asked.

Mr. Sharp: I have nothing more to say today. I thought that my remarks would interest the house. I have not used general figures. I thought it a good idea to mention the extent to which it is necessary to reduce expenditures.

Mr. Monteith: This is a red herring.

Mr. Sharp: This is not the important point, however. The important point is our objectives with respect to next year, and I wish to define those most precisely. The figures I have put forward here with respect to the cuts which have been made in prospective expenditures are not, I agree, the vital point. I thought it would interest the house to know the serious problem that the government has been facing in carrying forward its policy of exercising restraint. I may say, Mr. Speaker, that most of the programs which have been examined have ordinarily been supported not only by all sides in the house but in many cases have been thought to be most stingy. When we present these expenditures to the house in the estimates I hope that the opposition which has been making speeches about economy will be prepared to show a little restraint and not criticize the government for failing to spend enough money.

The government's objective for the next fiscal year is to reduce the budget deficit substantially below the level of the current fiscal year. I am not talking about savings here; I am talking about our objectives in

terms of budgetary policy. As I say, our objective is to reduce substantially the budget deficit in the coming fiscal year. From both a financial and an economic point of view I believe this will be necessary next year unless there is a major change in the economic prospects for that year. We will aim to produce at least a balance in the federal government's revenues and expenditures in terms of our national economic accounts. Such action is necessary to exercise the fiscal restraint on the economy required to check the inflationary price and cost increases now taking place.

I doubt, however, that even the most determined action on the part of the federal government will be sufficient in itself to arrest the kinds of inflationary price and cost increases that are now taking place. I am confident that we shall be able to secure the co-operation of the provincial governments in a similar effort through the consultations that we have with them. I wish to remind the house that the scale of spending and the scale of borrowing of provincial and municipal governments has exceeded that of the federal government this year, and even more so in the past year. When we in the government and parliament of Canada have taken the fiscal actions that we should take, then I believe they should be supported by a determined campaign to achieve by voluntary action a large reduction in the rate at which prices and costs are increasing, including wage settlements. I know this will be extremely difficult in an economy like ours which is so exposed to external influences. In the meantime I would hope that both industrial and labour groups will be considering and discussing among themselves and discussing with governments how best such a campaign might be organized to preserve Canada's competitive position in the world.

We must of necessity restrain our demands on the capital market. It is essential that we hold our government borrowing requirements next year, apart from what may be needed from time to time for exchange purposes, to a total less than we are borrowing in this fiscal year. To accomplish this objective it will be necessary to reduce some of our lending operations such as those for housing loans of a type that could be financed in the market. Our specific plans in this respect will be worked out in the capital budgets of the various agencies involved. Our objective is clear and I am confident that it will be attained.

At present the proper course remains to proceed with the tax measures I placed before the house in June. The removal of the sales tax on production machinery and equipment is an important measure to help achieve lower costs of production, and investment in such machinery and equipment is in fact a high priority objective. The removal of the sales tax on drugs does not involve a major loss of revenue and is part of a concerted plan to bring down the cost of drugs in Canada. It should go ahead now.

I wish to turn now to the Kennedy round, Mr. Speaker. The house will recall that I did not have an opportunity in the debate, nor when this question was debated, to put forward the comments of the Minister of Finance.

First, as to the tariff reductions perhaps I might begin by giving an indication of the scope of these reductions. Canada undertook to offer concessions in the Kennedy round equivalent in terms of their impact on trade to those offered to Canada by other participants. The tariff concessions made by Canada cover about $2.5 billion worth of imports, of which almost $2 billion come from the United States. On these imports we cut the average incidence of our tariff by about 25 per cent. The reductions will be found in virtually every sector of the Canadian tariff. In a negotiation of this scope it was necessary, and in my view desirable that we should examine and consider reductions in virtually every item, just as our trading partners were considering reducing each one of their tariffs.

Apart from a few industries such as textiles and footwear, rates of duty higher than 20 per cent ad valorem will now be exceptional. Producers enjoying such rates of protection should realize that they are being left in a specially protected position. This was done because it was evident either that greater reductions would create intolerable problems of import competition and unfair burdens of adjustment or that other countries were not offering meaningful tariff reductions on these products.

• (4:00 p.m.)

Rates of duty on final manufactures will generally be about 17½ per cent to 20 per cent, as compared with the 22½ per cent to 25 per cent rates now in effect. Duties on production machinery and other producers' equipment will generally be 15 per cent and there will be a new procedure established for relieving Canadians of duty on such machinery not available from Canadian sources. For intermediate products, rates will range

downward from 15 per cent, while many basic materials will be free or close to free.

The reduction of duty on materials, intermediate products and machinery will, of course, be of assistance to those manufacturers who now have a lower level of ad valorem protection for their own products. This means, of course, that these manufacturers will still retain significant effective protection, that is, protection on the actual value added in Canadian production. In a number of important sectors the reductions made in the Canadian tariff reflect recommendations made by the Tariff Board in recent reports on sectors of the tariff schedules which had been referred to the board.

That is all I would like to say at this stage, Mr. Speaker, about the scope of the tariff undertakings given by Canada. Perhaps I might say a word now about how the government went about formulating its tariff offers. We had a number of considerations in mind which I would like to summarize.

First, and most obvious, we wanted to secure every worth-while tariff reduction in other markets that was put on the table by our negotiating partners and we knew we had to pay for each one. Our trading partners, who are just as tough bargainers as are Canadians, would ensure that they got as good as they gave. But we had to be sure that we gave no more than we got. That is what my colleague, the President of the Privy Council (Mr. Gordon), called in his budget speech of 1964 the "principle of full reciprocity".

Second, we wanted to ensure a reasonable degree of balance and reciprocity for each major sector of our economy and for each major region. That, I think, we achieved.

Third, we wanted particularly to help our secondary industries break out of the confines of this small national market, and this we could do by getting reductions in other countries' tariffs and by cutting the costs of producing in Canada for that new and expanding market. That is why the tariff cuts on raw materials, semi-finished goods and production machinery are so important a part of the Kennedy round settlement. Indeed, it is my view, Mr. Speaker, that we are emerging from this negotiation with a much more rational tariff structure, but this was possible only because of the opportunities opened up by a major tariff negotiation.

Fourth, we wanted to give the consumers of Canada, that is, all of us, the advantages flowing from greater international competition and the resulting lower prices. I need hardly add how important this will be in assisting to control the cost of living.

Let me say a word about timing, about when we propose to implement the tariff changes. In the near future I propose to table a resolution to implement the tariff reductions. It will set out in detail and precisely all the changes in rates we agreed to except for those relating to chemicals which will be introduced later.

As I said in a public announcement at the end of June, some concessions will be introduced in one step and the effective date proposed is January 1 next. These concessions to be implemented in one step are: machines classified under item 42700-1; cigars, cigarettes, cut tobacco and alcoholic beverages; certain items in the following sectors—oilseeds, oilcake meal and vegetable oils, wire and wire products, and lumber and lumber products, some tropical products, and a few other products where staging would be undesirable or impracticable.

Changes in the chemicals and plastics schedule will be introduced in a single step as well, but not until July 1, 1968.

Concessions which are not implemented in one step will be staged over a period not exceeding four years beginning January 1. We have undertaken that with respect to these concessions the difference between the base rate and the final rate will be reduced by not less than one-fifth on January 1 of each year, starting January 1, 1968. This does not preclude us from reducing tariffs more quickly, and I am now reviewing our proposals in detail to consider what particular problems may make desirable some deviation from staging in five equal instalments.

As to the anti-dumping convention, at present we in Canada provide protection against dumping to producers of all goods of a class or kind made in Canada. That is to say, when an imported product is invoiced at less than the comparable selling price for that product in the country of origin, we apply a dumping duty equal to the difference between the invoice price and the proper value. We give no such protection to producers who have not been able to obtain a "made in Canada" ruling. To obtain such a ruling, Canadian producers must produce an amount equal to at least 10 per cent of domestic consumption of that product. Many Canadian producers with a smaller share of the market are denied protection against dumping. Many others who

are not being damaged by dumping get protection they do not need. It can be argued that many Canadian users of materials and other goods have to pay more than they should because of this so-called automatic anti-dumping protection.

The new convention is based on the test of injury or threat of injury arising from dumping, and we are required, therefore, to adopt a system involving an element of judgment as to the impact of dumping. This should not preclude us from providing protection against injurious dumping quickly and effectively. In agreeing to proceed on this basis we will be getting major improvements in the United States anti-dumping procedures which in the past have given rise to a great deal of harrassment of United States importers of Canadian goods.

The new convention will lay down rules within which all signatories must operate and clearly Canada will need new legislation by mid-1968 to conform with it. We have now established a committee under the chairmanship of Mr. George Glass, the first vice chairman of the Tariff Board, to receive representations from all interested parties and to hold hearings on the kind of legislation that might best meet our needs within the terms of the new convention. We have already had a good deal of consultation with the industries and industry associations most likely to be concerned. When these representations have been considered we will bring proposals before the house seeking the necessary changes in Canadian legislation. That will provide an occasion for a detailed examination of this important issue.

I am confident, Mr. Speaker, that the tariff reductions agreed to by Canadian negotiators in the Kennedy round, involving as they do a significant element of rationalizing of our tariff structure and associated as they are with a decisive move to freer trade by the other great trading countries, will recommend themselves to Canadian producers as a just payment for the gains Canada will make in foreign markets. Canada emerges from the Kennedy round with a degree of moderate protection where protection is required but without excess protection. That is what is necessary for Canada in this increasingly competitive free-world economy.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, listening to the Minister of Finance (Mr. Sharp) I was reminded of the days when I was going through law school. In the courses on Roman law one was always coming across the phrase "pater familias"—the good, prudent man. It seems to me that the Minister of Finance has been working hard to burnish up an image of himself as a pater familias. But we are not at all deceived because we know the record of performance in some of the things he has been trying to do. Some of the difficulties he faces may be likened to a hair shirt which he and his colleagues fashioned but which they are asking others to wear on their behalf.

• (4:10 p.m.)

The minister assumed a rather sanctimonious air. He talked about the efforts being made to prune next year's estimates. I saw a press report a couple of days ago which said that the minister had effected reductions of about $1 billion in his colleagues' estimates. It said that the anticipated budgetary deficit for next year was $1,250 million and that when the minister looked at this figure he is said to have considered that $250 million might be tolerable.

The report did not explain that what is now going on has been the experience of every minister of finance. Now is the time of year when government ministers are called before Treasury Board committees where their departmental estimates are examined and considered in relation one to another. This process continues until the estimates are finally settled upon and printed in the blue book. It is not a new process.

A figure of a $600 million reduction was mentioned with respect to the estimates. All I can say is that it is fluff which has been pared. It is an old and established practice that each department, knowing its preliminary estimates will be cut back, puts everything down on paper. Then, following consultation with the Minister of Finance and other Treasury Board officials, the more valid options are chosen. These make up the final estimates.

What we will want to see is a comparison between next year's estimates and this year's expenditures. That is the crucial point because the main difficulty facing Canada is the monetary requirements of the government in competition with those of industry. I will return to that point, but unless the minister can show that with due adjustment for an increase in population, together with built-in statutory increases for certain expenditures, he is actually reducing expenses then all his talk is worth nothing.

To be fair I must say that all of the responsibility cannot be loaded on the shoulders of this minister and the government. As he quite rightly indicated, the municipalities and provinces combined spend far more than does the federal government. I know the dilemma which the minister faces with regard to budgetary control because only about 35 per cent of federal government expenditures come within budgetary control.

The dominion-provincial agreements cover tax transfers. These are increasing. They are deemed to be part of the monetary requirements of the federal government. Other statutory expenditures contain escalation clauses. Many social welfare payments are fixed by statute, and the obligation to meet them is beyond the control of the Minister of Finance. But having said that, I still believe that the Minister of Finance has a primary role to play in controlling his colleagues and setting the example for the rest of the country.

In receiving this second slice of the 1967 budget without any budgetary proposals we are in a position analagous to that of 1966 except that in 1966 we had a mini-budget in December. I put it to you, Mr. Speaker, that it is now almost impossible to refer back to the budgetary proposals of the budget we are supposed to be discussing. The situation has changed drastically since the budget was introduced.

The budgetary proposals of last June were almost stand-pat. I was reminded of a cartoon showing a cat treading upon eggs. The minister was walking very delicately, evidently afraid to upset what he considered to be a position of uneasy equilibrium. Today he is attempting to tread even more lightly on the self-same delicate eggs.

I wish to indicate that I am not going to make any reference to the information on the Kennedy round negotiations which the minister has given to us. That can be more adequately dealt with by my colleagues. Instead I want to talk primarily about the financial difficulties in which the country finds itself.

First I want to say I will not emulate so many members of the Treasury Board who, when in opposition in 1961 and 1962, went around preaching doom and gloom. I remember the rather notorious and damaging speech made at that time by the Minister of Trade and Commerce (Mr. Winters) in Halifax, in which he likened the financial position of Canada to that of a sinking ship. We know the results which such talk has on the economy and financial strength of the country, and to indulge in such talk now would be a great disservice to our country's financial position.

I do not say that our financial position is beyond repair, but it certainly could worsen. We must consider the unbridled surge forward in the cost of living. A budgetary deficit of $750 million is nothing to be sneezed at, but all we get from the minister is a pious hope that the deficit will work out at something below $750 million. Will it be $650 million? I am afraid I do not share the minister's rather sanguine hopes about a limitation on the budgetary deficit of only $750 million.

Mr. Sharp: May I ask the hon. member a question? Has he overlooked what I said, that our aim was to balance the budget in national accounts terms?

Mr. Lambert: Frankly that is no explanation. You can talk about national accounts terms and other financial phrases to the public, but it is meaningless. The public wants to know who is responsible. If the accounts had been based on that basis of national accounts in earlier years the figures would not have been the same as those used by members of the present government when they were casting aspersions on the financial record of performance by the previous government. Let us not have any illusions about that. It really is a discussion about apples when really oranges are under consideration.

• (4:20 p.m.)

Let us look at some of the problems facing the country at the present time. There has been a diminution in the rate of capital investment. In my opinion this is the most important factor which we must consider. We would be able to advance the economy and assume these social welfare burdens, and many people believe these programs are desirable and absolutely essential, if the economy of this country was in a healthy state. I do not care how many pension programs, medicare or health schemes or other similar programs we can devise; if the Canadian economy is not able to support them in comfort, permitting growth both in population and economic development, they must be deferred or cut back. There is no sense in piling these burdens onto a sick economy. The economy simply cannot carry them. We are only deluding the people by attempting to do so.

It would have been good to hear the minister give us some indication this afternoon of

the efforts the government is taking to encourage and increase our level of productivity. In my opinion many of the other things occupying the attention of governments and individuals are relatively minor in importance. The maintenance and the increase of the productivity of Canadian endeavour is of the greatest importance to the maintenance of our competitive position. Let us have no illusions about the results of the Kennedy round tariff agreements. In the short run they are going to create some grave dislocations in certain sectors. Many Canadian industries will have to sharpen their pencils if they want to remain competitive. We need not talk about production or investment of capital and other programs to encourage industry if the products of the investment or the industry remain unsold or unconsumed. Let us make sure we are able to dispose of the goods at the end of the line of production and that we are able to do so at a profit.

The minister spoke of an increase in the gross national product in current dollars of about 7 per cent in comparison with last year. However, with the present rate of increase in the cost of living this really means an increase of about 2 per cent in constant dollars. One merely has to look at the tables of the consumer and wholesale price indices to see the fantastic and unbridled increase in the cost of living in recent months. The minister was quite right when he said this was one of our major problems. Inflation at this time could be one thing that might trigger a flight of confidence from the Canadian dollar and a flow of capital from Canada which would result in the loss of that investment of foreign capital we sorely need. There would be an outflow of foreign investment and confidence in Canada would suffer a serious blow.

According to the Dominion Bureau of Statistics the cost of living increased from January to August by 4.9 points, that is from 146 to 150.9. In August of 1966 the figure was 144.9, so there has been a six-point increase in the consumer price index in the last 12 months. The cost of food is of great importance to the individual, and the figures show that the cost has increased from 148.1 to 151.2. We have just concluded a debate in respect of the cost of shelter or housing. We observe an increase since August, 1966 from 163.6 to 171.8. In order to make some comparison, the figure for 1963 for this category was 150. In other words, since this government took office the cost of shelter has gone up by almost 22 points or about 15 per cent. Is it any wonder we have a housing crisis in Canada? People are beginning to believe that the government has buried its head in the sand to avoid seeing the pressures and difficulties the average Canadian citizen faces in respect of housing.

It is not my intention to refer in detail to the increase in interest rates. There was a slight decline last spring which allowed the formula under the Bank Act to be triggered, but since then we have seen a continuous rise in interest rates. By looking at the average figure referred to in the formula for the National Housing Act interest rate, being the average rate on government longs, shall we say, which was 6.10 in the month of September, we can see the position we have now reached.

This is not the only government that has difficulty in regard to bond issues. Conversion loan and cash money requirements are at an all-time high. I remember the late member for Welland standing in this house at the time of the conversion loans, assisted by his colleagues in the opposition of the day, castigating the then minister of finance because interest rates were 4¼ per cent, 4½ per cent and 4¾ per cent. Now we have effective rates which are over 6 per cent. Well. Let us consider for a moment Canada savings bonds. They have now moved out of the category of true savings bonds. They are now to be used as a form of annual conversion loans because there is no limit on the amount that can be invested or converted. What are the interest rates? Effectively around six per cent.

• (4:30 p.m.)

The city of Ottawa is another example of a level of government having difficulty in financing its expenditures. Its council called for tenders last week as part of a refinancing program. The civic authorities were astounded when the best offer was 7.4 per cent. Government agencies such as Quebec hydro, Ontario hydro and similar bodies are absolutely dependent on bond issues. This year they are paying rates of up to 7 per cent.

The minister said there were high interest rates in the United States. It is strange that it was not disclosed during the housing debate that the average rate in the United States in respect of loans for homes is 6.4 per cent whereas we have gone to 8¼ per cent as the ceiling under the National Housing Act. Of course, the rate on conventional loans has gone up to 8½ per cent.

An hon. Member: It is 9 per cent.

Mr. Lambert: An hon. members says it is 9 per cent. Well, I am not conducting an auction today. But the rate is certainly 8½ per cent, and if the additional one eighth were brought into the mortgage it would mean an additional 2 per cent over all. It was quite possible last year to negotiate a mortgage at an interest rate of 10 per cent in respect of the total mortgage.

Mr. Sharp: Mr. Speaker, would the hon. gentleman permit me to ask whether he is not aware that short-term interest rates are higher in the United States than they are here?

Mr. Lambert: Yes. I am also aware that certain levels of income tax are higher in the United States than they are in Canada.

Mr. MacEwan: The perfect squelch.

Mr. Sharp: That is completely irrelevant.

Mr. MacEwan: Are there any other questions?

Mr. Lambert: There is no reason why interest rates at all levels in the United States should be lower than they are in Canada. On the other hand, all the income tax rates in the United States need not be lower than they are in Canada.

Mr. Sharp: There is no relationship between the two.

Mr. Lambert: No, but there is room for difference.

The government has need of funds for the coming year. It needs these funds for refinancing. I trust that the minister's colleague, the President of the Treasury Board, will be able to indicate, because I believe this is crucial—perhaps this information appears in the budgetary papers but I was not able to put my finger on it—precisely how much money will be required for refinancing, in other words, for conversion purposes.

Mr. Sharp: It is all in the budgetary papers.

Mr. Lambert: I hope the minister will be able to indicate the precise amount of cash that will be required and also what the government expects to get out of Canada savings bonds in the way of new money in the coming year. It is Canada which must provide the financing requirements of the government and industry. We shall want to know the cash requirements, the net increase through Canada savings bonds, the refinancing requirements, the new cash requirements of the provinces and the capital needs of industry.

We know that some industries overborrowed in the past year because they learned their lesson in May of 1966 when money was so tight. Certainly there has been, shall we say, an overdemand on the monetary market by some corporations which are not going to be caught short again. They have borrowed in order to put themselves in a position of liquidity, as it is said by some. They have no difficulty carrying these additional funds because they can make money on short-term investments. Short-term paper is now paying such a rate that the carrying costs for the corporations of the extra money they were able to borrow and put away is exceedingly small.

I have read one commentary which I think is quite helpful at this time, although I must say I cannot agree with some parts of Mr. Meyer's article. I cannot agree with some of his statements because it seems to me he is able to engage in, shall we say, rationalization after the event. Mr. Meyer neglects some of the factors which were in existence at the time certain decisions were taken. He is now able to rationalize from hindsight. In any event, let us see what he says in an article which appeared in a recent issue of the *Monetary Times*, that for October, 1967. Mr. Meyer's article is headed, "Money And The Economy. Will Government Adjust?" I quote from the article:

> The slower rate of business activity this year would normally have been countered by monetary expansion and an accompanying reduction in the cost of money. The money supply is 11 per cent greater than a year ago.

We know that the Bank of Canada increased the money supply in the past year. I will come to that point later. The article continues:

> But though the cost of money did recede briefly through the spring, it has since risen to levels reached last year when the squeeze was at its worst.

According to Mr. Meyer the cause is, of course, the manner in which governments are pre-empting the market. In this article Mr. Meyer says:

> Net new government issues in the first quarter—

The first quarter of 1967.

> —amounted to $771 million, an increase of $545 million from a year ago. Net new corporate issues—

This is the telling point.

> —amounted to $547 million, a decline of $313 million.

I would say there are two reasons for this situation. First, in the early part of 1966 there was an effort by corporations to borrow themselves into a position of liquidity, as I have indicated. In addition, there is less requirement for money this year by corporations because there is a decline in capital investment. The incidence of higher taxes, higher costs and lower profits will always discourage capital investment. Mr. Meyer continues:

Both trends—the rise in government borrowing and the decline in corporate borrowing—have persisted.

I am sure that if the figures for the second quarter of 1967 were available to us we would find there has been a continuation of those trends. Then Mr. Meyer says:

Corporations were expected to withdraw from the market following increases in capital investment averaging 16 per cent a year over the past three years. There was room for more government borrowing. This condition, however, can't be expected to last indefinitely. Interest rates must come down and corporate borrowers attracted back to the market before any significant new expansion can be set in motion.

Mr. Meyer then says that the possibility of any reduction in government demand for funds over the next year, possibly two, is remote. Interest rates in this period will be about the same. Mr. Speaker, I am worried about the continuing dampening down of corporate investment in capital projects, which will continue. There are some indicators right now which show that I am not far off the mark in making this statement, because we hear reports that the amount of work in architects' and consulting engineers' offices is very small.

The Acting Speaker (Mr. Tardif): Order, please. I regret to interrupt the hon. gentleman but the time allotted to him has expired.

Some hon. Members: Go ahead.

Mr. Lambert: On a point of order, Mr. Speaker, I believe that at this time members are entitled to 40 minutes in which to speak. If I remember the time rightly, I rose at about ten minutes after four. I believe, Mr. Speaker, you will find that this question is dealt with in standing order 31 (1).

The Acting Speaker (Mr. Tardif): My decision was based on standing order 58 (7) which reads as follows:

No member, except the Minister of Finance, the member speaking on behalf of the opposition, the Prime Minister and the Leader of the Opposition, shall speak for more than 30 minutes at a time in the budget debate; provided that 40 minutes shall be allowed to the mover of a subamendment.

• (4:40 p.m.)

Is there unanimous consent to allow the hon. member to continue?

Some hon. Members: Agreed.

Mr. Lambert: I apologize to Your Honour. I am grateful to the house for giving me this time but I must say that the error arose as a result of a consultation which I had with Mr. Speaker last night. I must conclude that the present Speaker and the former Speaker were jointly in error.

I should like to summarize what I have said previously and to bring my remarks to a conclusion. I feel that the prime purpose of this budget and of the activities of all governments must first of all be aimed at an increase of productivity. By increase of productivity we mean a better return for the dollars spent. This means, as the minister indicated, an exercise in restraint in wage demands and equally in the pursuit of profits. You cannot ask one sector of the economy to limit itself and not the other. Unless all Canadians exercise this restraint we will be committing economic suicide.

This is particularly true at a time when we are so vulnerable during the coming into force of the tariff changes resulting from the Kennedy round of negotiations. The government must implement cut-backs. We can only produce so many goods and services. The pie is no bigger than Canadians are willing and able to make it. We must be prepared to increase our productivity and by that I mean net productivity in the constant dollars, not in the 5 or 10 per cent annually inflated dollar. There must be cut-backs by governments at all levels and those cut-backs should be arrived at by the establishment of priorities tending to encourage productivity, in education, in the training of personnel and in those facilities tending to increase productivity. I will have something to say about some of the other activities in this country and some of the discussions which have taken place which are tantamount to the apocryphal story of theologians going through the exercise of determining how many angels could dance on the head of a pin. It seems to me these discussions are useless in facing and solving the problems that are before us today.

As I said earlier, we must concentrate on the health of the body economic, and unless we turn our primary attention to that all else will fall by the wayside. What purpose is there in working to construct a brand new constitution for a country that is sick

economically? What is the purpose of setting up a system of social welfare and social legislation on a body economic that cannot support it? It seems to me that we must first establish these priorities. I am glad to say that the minister has been finally converted to the idea of priorities. This has been advocated by some of my colleagues and myself for a number of years. I will not claim pride of authorship, but first let us consider those matters which tend toward increasing the productivity of the country. Let us put first things first.

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, there are times when it is a virtue to get to the point, and I trust I shall make my point without trespassing long on the time of the house. Speaking for myself and my sons, let me say that any person who seeks to destroy Canada is an enemy.

[*Translation*]

Countries have been doomed because their people lacked the will to survive, because they lacked the courage to fight back against evil. In my lifetime I have seen countries succumb to a few fascist rogues, and other countries succumb to a few communist rogues. I do not intend to see Canada succumb to a few separatist rogues.

[*English*]

My country is Canada—sea to sea. Every inch of it is mine by birthright and without fences. Within these vast borders there must never be a limit to our search for justice, for generosity, for accommodation. But no part of my country is negotiable, least of all for me the beautiful province of my birth and my boyhood. Members of my family have died overseas for Canada. How can I betray her at home or permit the dismemberment of "mon pays merveilleux"?

[*Translation*]

Our beloved Canada is not a mere accident of geography; it is a spiritual adventure that transcends both language and race. She is worthy of being possessed only by the large of heart. "Mon jardin, ce n'est pas un jardin, c'est la plaine!" We must live with the separatists, those "little foxes" whose ambition is to carve themselves, right in the midst of us, empires to the measure of their pettiness, but they must not be permitted to destroy our ancestral heritage.

[Mr. Lambert.]

[*English*]

Perhaps we of this centennial parliament have the duty now to declare that we stand firmly on guard for Canada. We stand on guard for all Canadians, present and future. We are the trustees of diverse traditions, of priceless resources and to no lesser extent are we the trustees of freedom for all Canada's sons. Nobody doubts that in the proper way we can produce a better constitutional instrument than we now possess. No one must doubt our resolution and determination to continue as a Canadian sovereignty.

[*Translation*]

The contest between love and hate—between faith and doubt—is not something new. There always have been separatists among us—those who hate the idea of a Canada not in their own image. Victory for the grand design must be won anew in each generation. May I refer to the words of one of Canada's great heroes of the past. Laurier speaking in French at Quebec city on St. Jean Baptiste day 1889 said this:

> Our country is not confined to the territory overshadowed by the citadel of Quebec; our country is Canada—the fertile lands bordered by the Bay of Fundy, the Valley of the St. Lawrence, the region of the Great Lakes, the Prairies of the West, the Rocky Mountains, the lands washed by the famous ocean where breezes are said to be as sweet as the breezes of the Mediterranean. Our fellow countrymen are not only those in whose veins runs the blood of France.—As far as I am concerned, loudly do I proclaim it, those are my fellow countrymen. I am a Canadian.

I love Canada and while many millions like me live, she will never be deserted nor betrayed.

[*English*]

A few months later, speaking in English Sir Wilfrid said the following in Toronto:

> In the face of this universal distrust, the duty of the Liberal party is to promote, or rather to continue, the policy of hope and exertion for mutual respect and confidence. In the face of disintegration, if disintegration be simply hinted at, it is the duty of the Liberal party to stand firm by the principle of confederation. I do not believe certainly that confederation is the last word of Canada's destiny. It can be looked at simply as a transient state; but whenever the change comes, the change must be a step forward and not a step backward... I am a Liberal and I believe in movement, in progress; but I do not believe in inconsiderate changes... Still less would I be of those who clamour for a constitutional change, because the state of things that now exists comes into conflict with their personal prejudices and opinions.
>
> If any there are amongst my fellow countrymen of French origin who have ever dreamed of forming themselves into a small community of Frenchmen on the banks of the St. Lawrence, I am not one of them. I am not one of them, I say—let my words be heard by friend or foe.

• (4:50 p.m.)

Let me refer, Mr. Speaker, to one of the great heroes of our own time, Vanier, whose presence amongst us served almost as a benediction. In his message delivered on July 1, 1966, which you will remember was mainly to the young people of Canada, he suggested that we examine our national conscience and say whether or not in 1967 we will as a nation be able to stand up under the world's scrutiny. He never ceased to think of us as a nation and as a family.

Let us never forget his challenge of New Year's day, 1967. He called upon Canadians to forget past bitterness and to build a future "which will make the progress of this century seem pale by comparison". Before his simple prayer that we may all go forward hand in hand, he said:

> Canada owes it to the world to remain united because no lesson is more badly needed than the one our unity can supply, the lesson that diversity need not be cause for conflict but, on the contrary, may lead to richer and nobler living.

According to the book of Ecclesiastes, the preacher informs us that to everything there is a season: there is a time to be born and a time to die, a time to kill and a time to heal, a time to break down and a time to build up. The question has been put: Do we now rise as a country or do we call it quits?

For inspiration, Mr. Speaker, I look to our old parliamentary colleague, Cy Kennedy, who epitomizes for me duty, steadiness, sacrifice and courage. All we must do is to ask what is best for Canada and follow that course fearlessly. For me the response is easy. I am not one of those sophisticates ashamed to declare love of country. Indeed, perhaps it is in the moment that Canadians declare their gut loyalty to Canada that we become a nation.

[*Translation*]

I love Canada and while many millions like me live, she will never be deserted nor betrayed.

[*English*]

I am particularly pleased, Mr. Speaker, that the new Order of Canada bears as its motto the words "desiderantes meliorem patriam"—"desirers of a better country". We are embarked on a great pilgrimage of faith in search of a better country. I am convinced that in Canada today many of our people still believe in that Lord of Hosts of the Hebrew prophets who brings down the loftiness of man and who humbles his haughtiness, who entered into a spiritual covenant to lead those who chose to be his people into the new Jerusalem.

The city of God is not built up on earth by the work of our hands alone. It descends from God out of heaven to those that cry out. That great student of sociology and culture—yes, and of history—Christopher Dawson, speaks of a ladder having been let down out of heaven by which mankind can escape.

What I urge is that in the agony of our self-examination as a country—one nation, two nations, a hundred nations, it matters not for we, like the world, are legion—we never lose sight of the affirmation that "He shall have dominion from sea to sea". If this is so, if in Canada He truly is King, then we have no fear. Who in Canada who believes at all can deny that we are all brothers? Who could deny at this point in our history, which is full of violence, wars and rumours of war, that some group of human beings somewhere must call a new world into existence based upon genuine brotherhood if only to help redress the balance of the old? What better place to start than in Canada.

I am not a wholly impractical fellow. I was a soldier, I was trained in economics, my profession is the law—all pretty mundane preoccupations. Yet I am absolutely convinced that the way of man is not in himself. Let us never overlook the mysterious and unpredictable aspect of history. I believe that already hidden spiritual forces are at work. Our sense of failure and helplessness in this land of plenty at this historic juncture of history compels us to reach out into the darkness for the hand that will guide Canada into a new starting point of progress.

Canadians of both tongues must now march forward together into the second century with heads high and with arms joined like our Expo symbol, in faith, in hope and in love. On this plane there can be no defeat for our nation nor any human being in it.

With the help of Him who will keep our feet from falling—long live Canada.

Mr. F. J. W. Fane (Vegreville): Mr. Speaker, I am very glad to have an opportunity to say a few words in the budget debate, an opportunity for which I have waited since June 1.

First, I want to say I am more than surprised at the conduct of the government when the session resumed a week ago on Monday, September 25. It was disgraceful

that there was not even a corporal's guard of ministers in the house at that time to support the Prime Minister (Mr. Pearson). I wondered whether the Prime Minister had forgotten to tell his ministers that the session was reconvening on that day and as a result they were all absent.

I also wondered, Mr. Speaker, whether by any chance those of the Liberal party on the front benches who form the government at the moment thought that because their arch-enemy, the hon. member for Prince Albert (Mr. Diefenbaker), was not in the house the Conservative party had decided to lay down and play dead. If they thought that, then I can assure them they have another think coming. Believe me, the spirit that the right hon. gentleman fostered in this party lives on and it is going to live on with our new leader.

To return to the budget, I should like to say a few words particularly about the amendment to the amendment which actually is the topic we are discussing.

The Acting Speaker (Mr. Tardif): Order. It being five o'clock p.m. the house will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions, public bills.

Mr. Knowles: Mr. Speaker, I thought there was an understanding that we would carry on with the budget debate today. At least, that is what was intimated to me.

Mr. Fane: And to me, Mr. Speaker.

The Acting Speaker (Mr. Tardif): Does the house agree that we go back to the question under study?

Some hon. Members: Agreed.

• (5:00 p.m.)

Mr. Fane: Thank you, Mr. Speaker. The amendment to the amendment is what we are talking about now. When the budget was first presented by the minister on June 1 it was still something to talk about. I wrote a newspaper item which was distributed in western Canada. At that time I said:

> On June 1st the Minister of Finance took some hours to present his latest budget which, as far as I can see, doesn't mean a thing except perhaps another increase in the cost of living which is already becoming evident. I have not read one favourable comment about this budget in any of the Canadian newspapers nor have I heard anybody, other than Liberal members of parliament, with any good to say of it. It certainly doesn't do anything good for the residents of the prairie provinces.

[Mr. Fane.]

I still maintain that that is correct. I do not intend to talk much more about the budget because my hon. friend from Edmonton West, who is a neighbour so far as constituencies are concerned and a friend, has said just about everything that can be said about it from the financial point of view. I did want to talk about agriculture, Indian affairs, veterans affairs, defence, housing, the cost of living, foreign affairs and a few other matters, but I cannot do so in the 30 minutes each that it has been decided we are to be allowed. This time I must confine myself to the Department of Transport which needs to be discussed most urgently. Don't let anybody ever think that this is not a national issue. I want to talk about a particular case where the Department of Transport certainly has made an awful mess of things.

It is lucky that the former minister of transport had the wisdom, avarice, or whatever you want to call it, to kick himself upstairs by taking the appointment of chairman of the new Canadian Transport Commission before I was able to participate in this debate or I should have had some harsh things to say to him. I cannot make my remarks as bad as I should like to seeing that he is not here to defend himself. But he will know what I think by what I say. I hope that if I get really warmed up I do not lapse too much into western prairie slang. I hope that you will not call me to order, Mr. Speaker.

I want to say, first, what a disgrace it is for the former minister of transport to create a job for himself, establish the rules for it through Bill C-231 which was passed by the house, decide that the chairman of the board should get $40,000 a year, which is more than the Prime Minister gets, and then take himself off like the witches of Macbeth. They made the air to vanish into but they did not create $40,000 to await them at the end of their vanishing act. This does not seem right to me. The Prime Minister could have appointed the former minister to the Senate if he wanted to get rid of him. Now, of course, we have the former minister of national defence to finish the job of wrecking the transportation systems of this country and, God knows, he made one gosh awful mess of the Department of National Defence. We will all rue the day he did that. He will probably finish the job that the former member for Pickersgill began with the Department of Transport. I did not make a mistake when I said the member for Pickersgill. Politically he represented the constituency of Bonavista-Twillingate, but to my mind the first statement is correct.

When I criticize transportation in this country I do not wish to include Air Canada because they are doing a pretty wonderful job except for one thing. They do not operate enough aircraft in and out of Edmonton any more. They have given Edmonton the go-by. I hope that I cannot lay that entirely at the door of the former minister of transport, though he may have had a finger in that pie.

We have troubles with the Canadian National and Canadian Pacific Railways which are deliberately destroying the services that they are supposed to provide for the people of Canada. Services are reduced and costs increase, as all other costs have.

Today I complain about a spur line being built from Fort Saskatchewan to a government subsidized Imperial Oil fertilizer plant six miles south of Redwater. The line is supposed to be in a designated area and is 12½ miles long. It has been possible to build this line because of clause 77 on page 66 of Bill No. C-231, which says that railway companies may build a spur line 20 miles long without coming to parliament. I believe they need an order in council only. Before this bill, six miles of line was the limit.

The Canadian National received permission to build this spur line which runs through the oldest settled area in Alberta. It runs through the finest farm land in Canada in what is now called the Fort Saskatchewan settlement. It used to be called the Lamoureux settlement. The original settlers there were called Lamoureux, the same name as Mr. Speaker. But they have been out there for so long that they are not called Lamoureux any more. The name is pronounced Lammory now. That is what they are called and that is the name of the settlement.

This settlement was started before the survey of western Canada. The lots are mainly river lots because the highway was the river then. The farms in Quebec too ran back from the river. But these farms are a little bigger than normal because in those days there was more room and there were fewer people in the west. Most river lots are about 300 acres each. There are quite a few of them and they extend for a matter of perhaps three or four miles. However, the railway got authority on April 27 to build a spur line there. On April 28 it wrote letters to all the farmers concerned, 23 in all, many of whom are descendants of people who settled on this land more than 100 years ago. This is not very long in the life of Ontario or Quebec but it is a long time in the life of what is now Alberta.

• (5:10 p.m.)

I said that this letter was written to these people by the Canadian National Railways land agent in Edmonton on April 28. On May 2 the surveyors were out, before most of these people had got their letters telling them that their land would be expropriated. "Expropriated" was the word used but the company did not expropriate the land; confiscated it. When a child of the government, a Crown corporation, can go into the oldest farming district in a province and drive a path right through the finest farming country in Canada we have indeed reached an unenviable point in our history. When I say that this is the finest farming land in Canada, I mean it. When other areas were faced with crop failure this year these people harvested between 60 and 65 bushels of wheat to the acre.

The railway company surveyed the land and decided to go right through the farms. They did not go around the edge of the concession, as it would be called in the east. It went right through at an angle, thus cutting the farms to pieces with the result that they are not worth a darn for farming any more. One man told me his farm has been cut into 14 separate pieces by this spur line. Remember, Mr. Speaker, there has been no real effort made by the C.N.R. to reach any settlement with these farmers. It is really a crime.

This is not the only route the railway could have taken. It could have linked up with the C.N.R. line five miles south of the plant that is being built. It could have gone six miles north into the town of Redwater where the C.N.R. runs. It could have gone eight miles straight west to meet the C.N.R. line at Gibbons. Yet it had to go through all these farms at an angle, thus destroying them. I have a plan here showing the alternative routes. It is available and it can be seen.

Everybody was happy when it was announced that the fertilizer plant was to be built six miles south of Redwater. But this plant also is built on two parcels of land comparable in value with the land which the railway has confiscated and is in the process of destroying. I should like to read a number of letters on this subject though I doubt that I will have time.

I was first informed of what was happening in a letter from a Mr. and Mrs. Keith written on May 17 and received by me on May 25. I at once wrote to the then minister of transport and one month later I received a reply from him, just a brush-off enclosing a letter

from the C.N.R. saying they had considered all the alternative routes and decided that this was the only route they could follow because in the future someone might wish to start an industrial area in the land embraced by these river lots.

That, Mr. Speaker, is just plain, ordinary untruthfulness, because the company could have built this line a quarter of a mile north beside the road allowance at the north end of these river lots. It would not have caused any inconvenience really to the people concerned because it would have taken only a right of way 100 feet or 200 feet wide from the north end of their farms.

The company could have paid for this land and the line could then have followed what is called the Victoria Trail all the way out to the plant. I followed this route myself when I went to investigate. It would have been a perfect route. Public relations with the people concerned would have been excellent. The farmers would have been glad to be of service and to allow their land to be expropriated. They would probably have given it to the company if they had had an opportunity. However, the land agent did not go to see them until May 10 after the surveyors had been out on the land for eight whole days.

• (5:20 p.m.)

On receipt of the first letter I did not realize that the work would be started so quickly. I guess I was not given enough information. On July 18 I received a telephone call from the same Mr. Keith at the Fort Saskatchewan settlement. He told me that most of the line had already been bulldozed, that the roadbed was being laid and they were also building a fill across the big coulee that has the Sturgeon river at the bottom. The Sturgeon river is not a very big river. It may be as wide as this chamber at this point which is just before it joins the Saskatchewan river.

The work involved a quarter of a mile of fill. They diverted the river while they laid three or four culverts side by side, each culvert being 16 feet in diameter and 406 feet long, made of quarter inch steel. The fill is 400 feet wide and at least a quarter of a mile long. God knows what it will all cost. I suppose we will never get a true accounting on something like that.

The farmers wrote to many people. They wrote to the Prime Minister (Mr. Pearson), to the then minister of transport and to the Minister of Agriculture (Mr. Greene). They also wrote, as did I, to the Board of Transport Commissioners but apparently, they did not have anything to do with the matter. However, the Minister of Agriculture replied in part as follows:

> In any case I am given to understand that the C.N.R. is anxious to reach an amicable and reasonable settlement with all the land owners involved, as far as compensation is concerned.

How in the name of God, Mr. Speaker, can they ever hope after their actions to reach an amicable and reasonable settlement? I would not let them on my place if they were doing that to my farm. I would keep them off in the time-honoured western way with a shotgun and, believe me, I know how to use one. The minister's letter continued:

> I believe that it would now be in your best interests to communicate direct with the railway officials to let them know how much your claim is and what it is based on. I gather that the C.N.R. will not restrict claims to the actual land expropriated.

They jolly well couldn't, Mr. Speaker. Just think of the crops that were destroyed. The minister's letter went on to say:

> They are aware of other damages done to farm lands.

Then came this statement:

> If there is a silver lining in these kind of clouds, perhaps it is in the new crossing of the Sturgeon river that the C.N.R. has had to provide. This should be beneficial to you and your neighbours.

Ye Gods. After I was informed of the situation on July 18 and after I had visited the farmers concerned on Sunday, August 13, I wrote to the Prime Minister on August 14 and informed him of the situation. I told him I could hardly believe that he had been informed of a situation like this, because surely to heaven a man in his position would never allow Canadians in this our centennial year to be treated like these people have been treated.

These people never had a chance to make a deal with the C.N.R. Their land has been confiscated. It reminds me of what could happen in Hitler's era, in the U.S.S.R. or in communist China at the present time. These people's rights were not honoured or respected. Their fences were cut without them being told. Their cattle were allowed to run out into their crops and destroy them. The C.N.R., or whoever the contractors for the spur line are, are going to have one gosh awful bill to settle.

As I have said, they could have built the railway along any one of four other routes. If they had it would not have been 12½ miles

that were involved, except for one route which might have been half a mile longer. In any event it would have been along the road allowance, which I understand is called a concession in this part of the country.

It is a shocking thing that this should happen in this country in this day and age when we are so proud and vocal about our freedom and the rights we enjoy. It makes me wonder whose freedom did I go to two wars to protect? Whose freedom was I looking after when I was 34 years in Canada's armed services? It now appears it was not worth a darn looking after the freedom of our private citizens or of land owners.

These people got a letter from the C.N.R. at the beginning of May informing them that their land was going to be expropriated, without any reference to their wishes at all. They were all busy putting in their crops. They could not leave their farming operations to attend to this business, so they hired the services of Farm Surface Rights Consultants Ltd. in Edmonton to look after their interests. The manager of that company appears to be working very hard. He is working on two other similar matters. One is a spur line in Saskatchewan where the people involved have experienced the same thing, and the other is a pipe line from the McMurray tar sands down to the storage place close to the railway.

Mr. Deputy Speaker: I must interrupt the hon. member to advise him that the time allotted to him has expired.

Some hon. Members: Let him continue.

Mr. Deputy Speaker: Does the house give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Fane: I would like to thank hon. members for their consideration in allowing me to complete my remarks. I have here an article which appeared in the Edmonton *Journal* on September 12 headed, "If You Think You Have Property Rights Try Dealing With The C.N.R." It was written by the wife of one land owner, one of the Lamoureux family whose ancestors first settled at Fort Saskatchewan about 100 years ago. Her husband is a fourth or fifth generation settler there. It reads:

During this centennial year we have heard many officials and dignitaries speak with great gusto on the traditional rights and freedoms enjoyed by the people of Canada. There have been long-winded dissertations on how these have been won by our forefathers.

• (5:30 p.m.)

I draw attention to one aspect of our legal structure where the theory of individual rights is flagrantly ignored. In actual fact, there are laws which are designed to allow individuals the least possible say in matters pertaining to their own property. The laws relating to the expropriation of property for the use of the railroads make a mockery of all those highsounding speeches which I hear.

Yes, I am one of a group of farm men and women who have been trying to get fair treatment from the Canadian National Railways. The manner in which they take possession of property to build a spur has to be lived through to be believed. I'm talking of the one for the new Imperial Oil fertilizer plant near Redwater. We have been living in a fool's paradise, blissfully harbouring the illusion that we had some degree of control over our own land. How innocent can you be?

Here is our experience with railway building:

The official announcement of the fertilizer plant was in all the local newspapers earlier this year. On April 28, we received a letter from the C.N.R. telling, yes, telling us, that a certain part of our land was to be used for the railway right of way. This plan had been registered with the land titles office and was subject to the Expropriation Act, for the sake of expediency.

This railroad was to be in operation by September. No plant of this size comes into being without years of planning, nor the railway which is to service it. Yet we were given no warning nor consideration until April 28, and were expected to say nothing.

On May 4th their real estate agent arrived. My husband was not home so the agent came back at a later date. The agent was then told that all dealing would have to be done through Mr. R. A. Doyle of Farm Service Rights, who had been retained to help protect our interests.

On June 7th, we discovered that our three parcels of land registered in the land titles office had been affixed with the expropriation stamp on May 19th. Later the nine acres were officially registered in the name of the C.N.R., neatly bisecting our three parcels of land into six parcels.

This is nothing more than stealing or confiscation, and those are my own words. The letter then continues:

All this without our knowledge or consent! To our astonishment, we discovered that this could be done quite legally under the C. N. Act. The only thing that remained in any sort of doubt was the price to be paid.

Subsequent legal action resulted in a decision which prevented any obstruction to the building of the railway but allowed the claim for property damage to remain.

Basically what is happening is as follows:

(a) The railroad has the legal right to lay a line right across our property. We have no control, nor the right to disagree.

(b) One hundred and five acres of the finest agricultural land in Canada are being violated for this purpose.

(c) The railroad company can coldly and contemptuously run a railway through a barnyard or 200 feet in front of your home.

(d) Prices offered for this land have been ridiculously low. There is no understanding of the irreparable damage to be inflicted on land of this value.

This plant is being built seven miles south of Redwater, which has railway service.

As I said, the C.N.R. runs through Redwater. The letter then states:

It is in a depressed area and has been given a 5 million grant by the federal government. Not one of us is against industry to further the economy of a district. But we do resent the manner in which it has been done. We all understand English and feel that a dealing in land, rather than a stealing of land, would not have been such an insult to our intelligence and personal rights.

Their date of expediency was well timed, for the month of May is a busy one for farmers. But they have the advantage. Every act concerning railways gives them the legal right to do what they please and to whom. What's more, they use it to the hilt. The construction is going on at another important time to farmers. While the railroad crew is on the land, combining will be at its height. Granaries will be cut off by the right of way. It could mean driving three or four miles to empty a load of grain, because as yet no crossings have been discussed.

When time is of the essence for the railroad, they use the term "expediency"; but when the farmers' bread and butter is involved there is no reciprocal expediency. Such good public relations!

This is not a case of complaining farmers griping about a few acres of land. This could mean you—any property owner from coast to coast.

The present laws are 100 years out of date. A change in these laws would restore my faith in our so-called traditional freedoms. Which one of our so-called leaders has the courage and integrity to use the means at their disposal to see that these laws are examined and changed so that when they speak of human rights, they mean all Canadians in every way.

That is a letter that Mrs. Madeleine Lamoureux wrote to the Edmonton *Journal*, which published on September 12 of this year.

I should like to take a few minutes to read a letter I received from Mr. Pickersgill in reply to a letter I wrote to the Prime Minister (Mr. Pearson). The Prime Minister, being the gentleman he is, wrote me a very nice letter telling me he was compelled to hand over my letter to the Minister of Transport. He said he had done this and had asked for a full report. This reply was apparently dictated on August 30. I received it on September 19 at my home in Vegreville. The letter bore no date stamp from Ottawa or at the post office in Vegreville, so I do not know when it was posted. Mr. Pickersgill informed me that he had received previous representations.

[Mr. Fane.]

With a little more indulgence on the part of hon. members I should like to read this letter to illustrate the kind of attention the minister gave to these situations. This attitude cannot be construed as a political reprisal against these people, because this is the only polling division from which I have not received a majority vote during the last three elections. This division gave a majority to the Liberals. Apparently these people did not realize the champion they had in the Conservative member, probably because they did not make use of his services in time. Because they came originally from Quebec they were probably still voting for Sir Wilfrid Laurier. The former minister of transport went on to say in his letter:

• (5:40 p.m.)

The provision of transportation and communication facilities generally—highways and roads, canals, railway lines and terminals, airports—to a considerable extent involve use of land which might otherwise be devoted directly to agriculture. This also applies to the provision of manufacturing plant and commercial facilities and also to residential developments, all of which tend to use considerable areas of good agricultural potential. This is naturally a matter of some concern to all of us.

"This is naturally a matter of some concern to all of us,"—indeed. The letter goes on to say:

The railway reviewed the various alternatives before arriving at a decision as to the most practical route for this new line.

I would go to the mat with anybody who said that anybody used any judgment in routing that line. The letter continues:

A prime consideration in selection of the route was opportunity afforded to open up for future industrial development a substantial area along the north bank of the North Saskatchewan river —an area well located with respect to the river, situated downstream from and near Edmonton, on good highway, and enjoying good access to certain industrial materials and to western Canadian markets.

I am informed that, bearing in mind this consideration of opening up an area having promise of future industrial use, the conclusion was that the route finally selected is the most practical one, all factors considered. Had the location of the rail route been governed only by location of the industrial project now under construction south of Redwater, a different route somewhat roundabout but involving construction of less new railway line, could well have been chosen.

I am advised by railway officers concerned that a letter was dispatched under date April 27, 1967, to all property owners involved; that survey crews did not go on any private lands until May 2, 1967;—

Incidentally, these people live on a rural route. How long did they get to find out about it? Darn little time. The letter continues:

—and that between May 1 and 9 a railway real estate representative called on each owner (with two exceptions) at least once to open discussions concerning settlement for the lands involved, crossings, etc. The reason for two owners being missed was that property of these owners adjoins the Sturgeon river and it was necessary to establish the total acreage required for the Sturgeon river crossing before opening discussions with owners involved.

Can you figure something like that?

Subsequently, the railway received letters dated May 16 and May 23 from Farm Surface Rights Consultants Ltd. to the effect that this firm had been appointed to represent 16 owners—

That number has now been increased to 21.

—(of the total of 23 owners involved). As recently as August 15 the railway was still awaiting word from Farm Surface Rights Consultants Ltd. as to when the consultants expect to be ready to discuss the matter of settlement (compensation, crossings, any relocation of roads, etc.)

The former minister of transport went on to say:

I am assured that every effort will be made by officers of the railway to effect fair and reasonable settlements with land owners concerned respecting compensation for property required for right of way for this rail line, including severance damage and any other damages that might be caused to land outside the right of way during the construction period. It would appear the next step would be for the land owners or their representatives to agree to meet with the railway officers concerned in Edmonton with a view to working out mutually satisfactory settlements.

Regarding the National Transportation Act, this legislation, which increased from 6 to 20 miles the length of a line which may be constructed without authority of a branch line bill, was introduced in parliament in August, 1966, well before there was any decision respecting construction of this rail line or in fact industrial development in this area.

Did the minister forget the difficulty he had getting that bill through the house? Did he forget the objections made by the opposition and how he callously rode over almost every important amendment proposed from this side of the house? The only one we were able to save concerned the Crowsnest pass freight rates. Has the minister forgotten so quickly, or does he think I can forget a thing like that when he writes a letter like this to me? It just is not very sensible. In a letter that I received either from the minister or the C.N.R.—I shall not take the time of the house to read it now—I was told it was a matter of expense, that they took this route to save money.

They were saving money by not going into Redwater, Gibbons, Scotford or taking a route a quarter of a mile north of the one they have taken. They did not take that route because of the additional expense involved. When they say this to me they make me see red. Another factor involved was the distance they would have to haul the products into Edmonton. It would have been shorter to haul them up to Redwater and along the existing line, out to Gibbons if they wanted to build a spur eight miles long, or down to Scotford where the line would be only five and a half miles long. It would take six miles of line if they were to build a "Y" junction there.

The building of a new railway will cause the Canadian National considerable expense, but they complain of the expense involved in completing the line from Heinsburg in Alberta to Frenchman Butte in Saskatchewan. They haul all the products of the salt factory at Lindbergh back through Edmonton. They haul all the wheat, all the grain and all the cattle back through Edmonton.

They should have completed that little bit of line years ago when they had the roadbed partially built and then abandoned it. Talk about saving expense. Whom do they think they are kidding? Not me, for sure, because I do not kid that easy. I do not believe them. This is a crooked deal. I do not want to get involved in any further explanation, because it is just not right and it is not sensible.

• (5:50 p.m.)

If there had been a practical person on the survey team, in the railway company or in the Department of Transport, surely he would have realized that it would not have hurt to build that railway line a quarter of a mile farther north along the road allowance where it would not have destroyed this good land and would not have spoiled the public relations between the Department of Transport and these farmers and between the Canadian National Railways, the Imperial Oil Company and these farmers.

It is too late now to do anything about it because the right of way is built. I did not know about it in time to protest against it and to have it stopped. However, had I known in time I would have taken a lot more time in the house and nobody would have been allowed to forget about the indignity that these people have suffered through the confiscation, the stealing of their land by Canadian National Railways. As I said before, the C.N.R. is a child of the government, it is

a crown corporation. You could perhaps expect someone to come on to your land with a gun or an army and to take it over, but surely we are entitled in Canada to some protection from government agents.

I thank you, Mr. Speaker, and hon. members for their indulgence in allowing me to complete my remarks.

Mr. John Gilbert (Broadview): Mr. Speaker, I am rather disappointed that the Minister of Finance (Mr. Sharp) is not in the house to hear these remarks because I was going to tell him that the fact he has made two speeches on the economic state of the nation within the last few days indicates the seriousness of the situation and the inability of the government, more particularly his own inability, to cope with the problems and to provide adequate solutions. One could expect the Minister of Finance to show the Canadian people how to manage their affairs. One could expect him to balance the books of the nation so that all debts would be paid and frugality and good management would produce prosperity and stability.

There are three examples I want to set before the minister which belie these assumptions. Things have gone wrong in our so-called prosperity. First of all let us look at the consumer price index which has shown a steady increase. The D.B.S. figures show that in July, 1965 it stood at 139.5, in July 1966, at 144.3 and in July of 1967 at 150.2. There is no sign of any halt in the increase in the consumer price index.

What this means to Canadians is that this year they are paying $150.20 for purchases for which they would have paid $100 in 1949. The people whom this situation affects most are those in the fixed income bracket, more especially old age pensioners and people who have received pensions from companies. It also strikes very hard at the low income groups. This is the effect which the policies of the government have had on the Canadian economy.

My second point is with regard to unemployment which has been a festering sore on our nation for many years. The Dominion Bureau of Statistics informs us that since 1965 there has been an upward trend in unemployment despite occasional seasonal fluctuations. In July, 1967 the number of unemployed stood at 330,000 in absolute figures. Shown a percentage of the labour force, the number of unemployed has increased steadily since the end of 1965 despite periodic declines. Graphs published by D.B.S. indicate a steady increase in unemployment since the beginning of 1966. In fact the D.B.S. tables, which are adjusted for seasonal variations, vary across the country. In the province of Ontario the number of unemployed is 3.5 per cent. In the Atlantic provinces unemployment is 6.8 per cent, and in the province of British Columbia, the Minister of Labour's home province, unemployment stands at 5 per cent. This is not a very encouraging picture with regard to the unemployment problem in Canada today.

The third item which should be brought to the attention of the government is the fact that interest rates have soared. The government has announced that the N.H.A. rate will be fixed at 8.25 per cent. This means that conventional mortgages will range from 9 to 9.25 per cent. I notice that the Minister of Labour is shaking his head. During the debate he told us that this was the maximum figure and that he hoped the lending institutions would not take advantage of it. He must have read in yesterday's newspapers that the guaranteed investment certificates of the National Trust Company now pay 6.75 per cent. Anyone with business experience must realize that these institutions must have an interest rate differential of at least 2 per cent so as to make a profit.

Mr. Nicholson: Would the hon. member permit a question? Does he not know that the standard differential between N.H.A. and conventional mortgages is .5 per cent? This is accepted right across the country.

Mr. Gilbert: Mr. Speaker, I dare to challenge the minister's statement. In Toronto alone the margin is at least .75 to 1 per cent. I would be very pleased to show him figures to prove that. Mr. Speaker, may I call it six o'clock?

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

HOUSE OF COMMONS

Thursday, October 5, 1967

The house met at 2.30 p.m.

• (2:40 p.m.)

BROADCASTING ACT

AMENDMENTS RESPECTING REGULATION OF CIGARETTE ADVERTISING

Mr. Barry Mather (New Westminster) moved for leave to introduce Bill No. C-157, to amend the Broadcasting Act (cigarette advertising).

He said: Mr. Speaker, the purpose of this bill is simply to extend the powers of the Broadcasting Act to enable the Board of Broadcast Governors to regulate cigarette advertising in the interests of public health.

Motion agreed to and bill read the first time.

INDUSTRIAL DEVELOPMENT BANK ACT

AMENDMENTS INCREASING CAPITAL AND BORROWING AUTHORITY, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Industrial Development Bank Act to increase the authorized capital of the bank from $50 million to $75 million; to increase the authorized borrowing authority of the bank to an amount not exceeding ten times the aggregate amount of its paid-up capital and reserve fund; and to make certain other changes in connection with the administration of the act.

Motion agreed to.

[*Translation*]

CANADIAN CONSTITUTION

REQUEST FOR COMMENT ON STATEMENT BY QUEBEC PREMIER

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a question for the Minister of Justice.

Would the minister care to comment on the statement of the premier of Quebec concerning national unity and the constitutional problems.

Hon. P.-E. Trudeau (Minister of Justice): Willingly, Mr. Speaker. In the first part of his statement, the premier of Quebec has indicated that the first duty of the people of Quebec was to use their powers under the Canadian constitution as it is. That has always been the position of our government.

Secondly, he has indicated that certain rights of the French-speaking community in Canada should be included in the new constitution and that is exactly the position taken by the right hon. Prime Minister of Canada (Mr. Pearson) when he suggested a conference of the provincial premiers at the July 5 meeting on a constitutional Bill of Rights.

On these points we are in perfect agreement with Premier Johnson. We are happy that he is finally coming around to our point of view.

Mr. Asselin (Charlevoix): Mr. Speaker, I have a supplementary question. Will this statement bring the Minister of Justice to call a federal-provincial conference at the shortest possible time to consider all these constitutional questions?

Mr. Trudeau: That is not, Mr. Speaker, the position of Premier Johnson.

He has indicated that the conference called by Mr. Robarts is most important, and that is also my view. We are most happy that this conference should take place and we hope that, on this occasion, those who for a long time have been uttering vague formulas will finally negotiate on fact. After that we will be happy to meet the provinces to discuss facts, not words.

Mr. Asselin (Charlevoix): Mr. Speaker, I should like to put another supplementary question. In view of the fact that the minister has just said that the conference called by Mr. Robarts is most important, will he not change his mind and will he not attend as member of the government? Will he not change his mind and will he not personally represent the Canadian government at this conference?

Mr. Trudeau: Mr. Speaker, Premier Robarts indicated that it was an interprovincial conference. Under the circumstances, it would be difficult for the federal government to be

represented there by one of its members since we do not want to interfere with provincial matters. However, we shall be very happy—in fact we have already said so to Premier Robarts—to send senior officials as observers.

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to direct a supplementary question to the Minister of Justice, in view of his interpretation of the recent statement made by Premier Johnson.

Is the Minister of Justice aware of the fact that the Quebec premier, contrary to every stand taken by the minister himself in this chamber and elsewhere, is in favour of a particular status for the province of Quebec?

Mr. Speaker: The hon. member for Sherbrooke is asking the minister whether he is informed of a situation and, as phrased, I do not think that the question is in order.

Mr. Allard: The minister does not seem to be informed at all, Mr. Speaker.

[*English*]

NATIONAL DEFENCE

NATO—PROPOSED PLACING OF NUCLEAR MINES ON TURKISH BORDER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if the Prime Minister is in a position to answer the question asked two days ago by my colleague the hon. member for York South. Perhaps I might be permitted to summarize the question. What attitude did the Minister of National Defence take toward the proposal made at the meeting of the nuclear planning group of NATO at Ankara? The proposal called for nuclear mines to be laid on the eastern border of Turkey which is also the border of the Soviet union. Can we be assured that Canada will oppose this proposal in view of our support of the principle of non-proliferation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the nuclear planning group of NATO was established last year in order to permit the allies of the United States to participate in the formation of nuclear strategy. As my hon. friend knows, the ministers of defence of the member countries met at Ankara to consider the progress of a number of studies presently under way. One of those is on the question of atomic demolition mines. I might add, Mr. Speaker, that the nuclear planning group is not a decision making body but, rather, makes recommendations to the NATO council.

[Mr. Trudeau.]

The question of the use of atomic demolition mines as defensive weapons has been under consideration in NATO for some time. Because of the geographic situation of Turkey and the nature of the terrain of the Turko-Soviet border the Turkish government has been particularly interested in the possibility of using atomic demolition mines for the purpose of creating obstacles in the way of invading forces.

The nuclear planning group has accordingly been studying this question. Further study is being given to the matter, and the results are to be considered by the next ministerial meeting of the nuclear planning group in the spring of 1968. The Canadian position in connection with this proposal is primarily to assure ourselves that no arrangements would be recommended regarding these defensive weapons which could increase the danger of escalation or involve any form of nuclear proliferation.

Mr. Donald MacInnis (Cape Breton South): Why is it, then, that in 1965 the Canadian government denied any knowledge of this matter and later, when it was brought out, decided that it was classified information?

Mr. Speaker: Order. The question is argumentative.

Mr. MacInnis (Cape Breton South): Then I will ask the Prime Minister a straightforward question. When did this information become unclassified?

[*Translation*]

WINTER WORKS

QUEBEC—REPORT FOR FLEXIBILITY IN STARTING DATES

On the orders of the day:

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, may I ask a question to the hon. Minister of Manpower and Immigration.

I should like to know the reply of the minister of manpower to the representations of the provinces, asking that the starting date for winter works be set by the municipalities rather than by the province.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I contacted Hon. Mr. Dozois who wrote to me on this matter, and I explained that we could not grant his request, because, from the administrative point of view, it would be absolutely impossible for us to control this program if each municipality were left free to choose a suitable date. That was my reply to Hon. Mr. Dozois.

Mr. Dionne: Mr. Speaker, I would have a complementary question.

Am I to conclude that this is just about the answer you would give if further representations were made by the province?

Mr. Speaker: Order.

[*English*]

EXTERNAL AFFAIRS

NIGERIA—INQUIRY AS TO MEDIATION EFFORTS

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is for the Secretary of State for External Affairs. As warfare in Nigeria reaches a climax, has any effort been made by the government to mediate in an attempt to settle the dispute?

Hon. Paul Martin (Secretary of State for External Affairs): No, Mr. Speaker.

Mr. Johnston: Is consideration being given to striking a commonwealth committee which might be of assistance in mediating this dispute?

Mr. Martin (Essex East): I have had discussions with interested Canadians who have a wide acquaintanceship with persons in Nigeria, and a close knowledge of conditions there. We have held discussions with Mr. Arnold Smith, secretary general of the commonwealth secretariat in connection with this matter, and we have been in consultation with other countries. The hon. member may be assured that the matter is one which engages our active interest.

FISHERIES

PARTICIPATION BY B.C. IN FISHING VESSEL SUBVENTIONS

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question for the Minister of Fisheries with respect to the recent meetings of the federal-provincial British Columbia fisheries committee. Was any indication given at those meetings that the government of British Columbia intends to participate in the fishing vessel regulations which were recently amended by the minister?

Hon. H.-J. Robichaud (Minister of Fisheries): I understand that this matter was discussed but no decision was reached.

Mr. Howard: Am I correct in understanding, then, that British Columbia still does not participate in the subventions under the fishing vessel regulations?

Mr. Robichaud: Yes, Mr. Speaker.

BRITISH COLUMBIA—EFFECT OF FLOOD CONTROL WORKS ON COWICHAN RIVER

On the orders of the day:

Mr. David Groos (Victoria (B.C.)): Can the minister assure the house, as a result of these meetings, that he is aware of what I understand to be the imminent plans of the British Columbia government in connection with flood control on the Cowichan river on Vancouver island? If so, are his officials studying the impact these might have on the sports fishing on this world famous river?

Hon. H.-J. Robichaud (Minister of Fisheries): Yes, Mr. Speaker. I understand the provincial authorities in British Columbia have contacted our area director in Vancouver with regard to this project, and our departmental engineers are now studying the effect it may have on local fisheries.

[*Translation*]

LABOUR CONDITIONS

MONTREAL—REQUEST FOR STATEMENT ON UNEMPLOYMENT SITUATION

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration.

Yesterday, in reply to a question from the hon. member for Sainte-Marie (Mr. Valade), he stated that his department would make special efforts to check the unemployment crisis foreseen this winter in the province of Quebec due to the closing of Expo '67. Could he tell us when these steps will be made public?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I cannot recall making the statement attributed to me by the hon. member.

Mr. Ricard: Please refer to page 2802.

[*English*]

EXPO '67

LACK OF AGREEMENT TO ENSURE TRANSPORTATION SERVICE

On the orders of the day:

Mr. Roger E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, I wish to direct a related question to the Minister of Trade and

Commerce. Has an agreement been made between the minister, the transport unions and Montreal Transportation Commission to ensure transportation to the exhibition site during Expo?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, we have been trying to work out the best transportation arrangements. Unfortunately it has not been possible to resolve this unhappy strike, which is depriving a great many people of the opportunity to see one of Canada's great centennial developments. I met with representatives of all three levels of government in Montreal last Friday to explore the situation, but unfortunately it has not been susceptible to solution so far.

AIRPORTS

TORONTO—POSSIBLE SUBSTITUTE FOR AVIATION FUELING SERVICE

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I wish to ask a question to the Minister of Transport. In view of the serious implications for air transportation arising out of the strike at Consolidated Aviation Fueling Limited in Toronto, can the minister make a statement on the matter, and in particular tell of any plans the government may have for alternative service in order to prevent the possibility of a shutdown at Malton?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I am not in a position to give a detailed report at the moment, but I am hopeful we can manage to maintain the service so it will not be necessary to close the airport facilities.

Mr. Fulton: As a supplementary question, has the minister plans in hand for that eventuality?

Mr. Hellyer: Mr. Speaker, I have been working on the matter for some time this afternoon, but I do not think it would be particularly useful to disclose what the possibilities might be in the event that there was a shutdown.

THE CANADIAN ECONOMY

STEPS TO MEET INCREASE IN COST OF LIVING

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I wish to direct a question to the Prime Minister. Is the government giving consideration to issuing of economic guide lines to those whose activities have the greatest effect on the cost of living, as one means of trying to stem the rapid increase in the cost of living which has taken place during the past three months?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as the Minister of Finance indicated in his statement yesterday it is essential both for industry and labour groups to consider after consultation with, and I would hope co-operation from, governments how best we can achieve by voluntary action a reduction in the rate at which prices and costs are increasing.

As my hon. friend no doubt knows, this matter has been the subject of an extensive review by the Economic Council of Canada in its third annual report. The council found serious difficulties in the way of guide lines in the form of an "incomes policy", to use the phrase given in the council's report. Nevertheless the whole question of how to achieve the necessary restraints on prices and costs is a matter which is under continuing and active consideration.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I would like to direct a supplementary question to the Minister of Finance. What category of the minister's priorities or guide lines requires the presence next week in Edmonton of four senior ministers, two parliamentary secretaries and a member of parliament to open the Camsell hospital, and are we to take this as an example—

Mr. Speaker: Order. I suggest to the hon. member that the question is argumentative.

[*Later:*]

Mr. Hees: Mr. Speaker, I wish to direct a question to the Prime Minister. Was the Minister of Finance expressing government policy yesterday in stating in this house, as recorded at page 2809 of *Hansard*, in the left hand column, about two thirds of the way down:

> I feel that we must—and we will—find some way to bring this inflationary movement under control even, if necessary, by letting the economy develop a little more slack for a year or two while price and cost increases taper off.

Mr. Knowles: Explain.

Mr. Pearson: Yes, Mr. Speaker; the minister was suggesting, and very wisely, that all governments, including the federal government, should reduce their demands on the capital market and on available resources. I am sure my hon. friend would approve of that.

Mr. Hees: A supplementary question, Mr. Speaker. Is the minister not aware that in ordinary language the expression "develop a little more slack in the economy" means to deliberately allow unemployment to develop?

Mr. Speaker: Order, please.

Mr. Pearson: The hon. gentleman should tighten up his question.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. The hon. member's supplementary question is argumentative.

[*Translation*]

CANADIAN CENTENNIAL

TERMINATION OF WORK AND CONSIDERATION OF ACCOUNTS OF COMMISSION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, my question is directed to the right hon. Prime Minister. Could the Prime Minister tell us when the Centennial Commission mandate is to end, and whether the commission's financial statement is to be submitted for approval to the standing committee on public accounts?

Mr. Speaker: I do not see any immediate urgency in the hon. member's question. It seems that it could easily be put on the order paper.

[*English*]

GRAIN

INQUIRY AS TO USE OF ELEVATORS AT CHURCHILL

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether it is the intention of the government to completely ignore the terminal at Churchill during the winter months. I am wondering whether the box cars which have accumulated on the railway sidings in Saskatchewan and Manitoba as a result of the strike at the lakehead will be moved to Churchill, or is it the intention to have these cars taken down to the lakehead before the freeze-up?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, as I announced several weeks ago it is the intention of the Canadian Wheat Board to fill the elevators at Churchill this fall.

Inquiries of the Ministry

HOUSE OF COMMONS

REQUEST FOR SCREENING OF WINDOWS IN CHAMBER

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I have a question for the Minister of Public Works, notice of which I have given him. In order to prevent any further impairment of the eyesight of members sitting opposite the three large and improperly screened windows on the west side of the chamber, will the minister take action to see that these windows are properly screened as they were previously, and as are the two windows on the southwest side of the chamber?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I should like to thank the hon. member for giving me notice of his question. Since I am very sure it is in the interests of parliament and the country that the eyesight of hon. members be unimpaired, I will look into the matter immediately.

FISHERIES

POSSIBLE ACCEPTANCE BY RUSSIA OF NORTH PACIFIC SALMON TREATY

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Minister of Fisheries arising out of the question I asked him on Tuesday. In his discussions with the minister of fisheries of the Soviet union did the minister of fisheries for the Soviet union indicate that his country would be willing to join the north Pacific salmon fisheries treaty?

Hon. H.-J. Robichaud (Minister of Fisheries): I believe the minister of fisheries for the U.S.S.R., Mr. Ishkor, made it very clear, particularly at a press conference in Vancouver when he said his country is not interested in joining the north Pacific treaty under its present terms.

FINANCE

INQUIRY AS TO REGULATIONS RESPECTING INTEREST DISCLOSURE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Finance. Yesterday the minister was good enough to say that he might be able to indicate when he would be in a position to publish the regulations under the interest disclosure section of the Bank Act.

Inquiries of the Ministry

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the regulations relating to cost of borrowing provided for in section 92 of the Bank Act and section 80 of the Quebec Savings Banks Act will be published in the *Canada Gazette* on October 11 and come into effect on October 16. I shall be glad to table these regulations as soon as they are published.

PUBLIC SERVICE

IMPLEMENTATION OF RECOMMENDATIONS OF GLASSCO COMMISSION

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is for the President of the Treasury Board. Could the hon. gentleman advise us when the government intends to put into effect the large number of recommendations of the Glassco report which have not yet been implemented? I ask this question in view of the speech made yesterday by the Minister of Finance in reference to what he called the severe question of inflation, or in his own quaint language "managing the prosperity".

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, I shall be speaking in the budget debate on the matter of expenditures of the federal government. I should like to point out that practically all the major recommendations of the Glassco commission have been put into effect by this government.

Some hon. Members: Oh, oh.

Mr. Baldwin: Mr. Speaker, I will not be argumentative. I simply ask the hon. gentleman whether he will arrange to accelerate the implementation of those recommendations which would make more credible the efforts of the Minister of Finance in his dealings with industry and labour.

Mr. Benson: I should simply like to say that the government and the civil service have been moving as fast as is humanly possible in the implementation of the recommendations of the Glassco commission. I believe that if someone were to ask Mr. Glassco, his reply would be that he is astonished to find how much has been done.

[Mr. Lambert.]

LABOUR CONDITIONS

FEDERAL AGREEMENT WITH BRITISH COLUMBIA RESPECTING OCCUPATIONAL RETRAINING

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, my question is for the Minister of Manpower and Immigration. Is the minister in a position to tell the house whether the province of British Columbia has as yet signed the agreement with the federal government with regard to the occupational retraining program?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I think the officials of both governments agree entirely on all the terms of the agreement, and we are now waiting for the signature of the minister of education for British Columbia.

EXTERNAL AFFAIRS

RHODESIA—UN EXPRESSION OF DISAPPROVAL OF RACIAL PRACTICES

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Can he advise whether the Canadian UN delegation plans any initiative in the fourth committee of the general assembly designed to translate into more effective and more meaningful action the widespread disapproval of the discriminatory racial practices still being carried out by the illegal Smith régime in Rhodesia?

Mr. Speaker: Order. This question would appear to be of considerable scope, and I wonder whether it should be allowed at this time. I notice that the minister appears to be anxious to answer the question. I may be wrong in my estimation of the question, and if this is so I will allow the minister to reply.

Hon. Paul Martin (Secretary of State for External Affairs): I am glad to note the interesting conflict between this question and the question asked by the hon. member for Winnipeg South Centre.

FISHERIES

INQUIRY AS TO ASSISTANCE TO HERRING FISHERY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to address my question to the

Minister of Fisheries. In view of the lower prices for herring meal and herring oil does the minister or his government intend to take steps to ensure that there will be a herring fishery this winter on both the Atlantic and Pacific coasts?

Mr. Speaker: Order. Again I wonder whether this is a matter of immediate urgency, and whether it should not be placed on the order paper.

Mr. Howard: If I might be permitted to say so, Mr. Speaker, there is an element of urgency to the question because of the need for the fishermen to know as far in advance as possible what their position might be. At the moment it would appear that it might be a disastrous one unless the government can make a declaration about its position.

Hon. H.-J. Robichaud (Minister of Fisheries): It is not the intention of the Department of Fisheries to curtail in any way the herring fishery during the coming winter.

Mr. Howard: I did not ask that. I asked what is going to be done to assist them.

IMMIGRATION

STEPS TO RECRUIT IMMIGRANTS FROM IRON CURTAIN COUNTRIES

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, may I direct a question to the Minister of Manpower and Immigration. I should like to ask him whether, as a result of the recent declaration of government policy on immigration, he has made any special effort on the part of the department to set up a new group of individuals within or behind the iron curtain or in those areas where the most difficulty has been experienced in trying to recruit or admit people—

Mr. Speaker: Order, please. The question should be placed on the order paper.

Mr. Korchinski: May I then rephrase the question and ask the minister whether any effort has been made to recruit members within his department to go behind the iron curtain so they may place more people in Canada than normally have been admissible?

Mr. Speaker: The rephrased question also should be placed on the order paper.

Inquiries of the Ministry

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, since I do not see the Minister of Veterans Affairs in his place may I direct this question to the Prime Minister. Would it be at all possible to have copies of the Wood report made available to members of the house before the estimates of the Department of Veterans Affairs are before the house for consideration?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be very glad to find out whether this is possible, and if so it will be done.

Mr. F. J. Bigg (Athabaska): Mr. Speaker, I rise on a question of privilege. I apologize for not having raised this matter at the proper time, but I wish to make a correction to *Hansard*. It appears that I gave the impression in the country that I had available the meat of the Wood report. I hasten to say that I do not have access to the Wood report but only to the evidence which is, I believe, before the committee at the present time.

[*Translation*]

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO JOINT SECURITIES AND EXCHANGE CONTROL

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I have a question for the Prime Minister concerning the recent statement made in Toronto by the Registrar General (Mr. Turner) on the advisability of creating in Canada a federal-provincial control on securities transactions.

Is it the Prime Minister's intention to convene a meeting of the premiers on that matter shortly or to put this item on the agenda of discussions for his meeting with the ten premiers next January?

Mr. Speaker: The hon. member is referring to a conference to be held next January; in the circumstances, the question could easily be put on the order paper.

Inquiries of the Ministry

[*English*]

INDUSTRY

SYDNEY, N.S.—INQUIRY AS TO ASSISTANCE TO STEEL INDUSTRY

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is directed to the Minister of Industry. In view of the pessimistic report, released on Monday of this week, regarding the future of steel at Sydney, may I ask the hon. gentleman what efforts will be made by the government to assist in this very serious problem?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the recently issued report is now under study. It is my proposal to have a meeting with the senior management officials of DOSCO to see what can be done.

Mr. Muir (Cape Breton North and Victoria): A supplementary question, Mr. Speaker. May I ask the hon. gentleman what success he has had with his representations to the president of the new transportation board, the former minister of transport, regarding the restructuring of freight rates in the shipment of steel from the Atlantic provinces?

Mr. Drury: None as yet, Mr. Speaker.

PUBLIC SERVICE

LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the President of Treasury Board. Has the government yet reached a decision on the introduction of legislation to increase the pensions of retired civil servants, as recommended on May 8 by the special joint committee on the Public Service of Canada?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): No, Mr. Speaker.

Mr. Knowles: A supplementary question, Mr. Speaker. Is the matter still on the cabinet's agenda?

Mr. Benson: Yes, Mr. Speaker.

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the hon. minister when he anticipates that a decision will be reached?

Mr. Benson: In due course, Mr. Speaker.

[Mr. Speaker.]

DEFENCE PRODUCTION

INQUIRY AS TO TENDERS FOR NEW DESTROYERS

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I should like to ask the Minister of Industry a question supplemental to the one asked yesterday by the senior member for Halifax, concerning the four new d.d.h.'s. Could the minister allay the fears that exist in this regard, because they are growing and are real in Halifax, by indicating that the tenders for these four new ships will be called this fall.

Hon. C. M. Drury (Minister of Industry): Yes, Mr. Speaker.

Mr. MacEwan: "Yes" what?

NORTHERN AFFAIRS

ALBERTA—DEATH FROM MALNUTRITION OF INDIAN CHILD

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development, but in his absence perhaps the parliamentary secretary could answer. Has the minister received a copy of the highly critical report of the coroner's jury convened to investigate the circumstances surrounding the tragic death from malnutrition of the 14-month old Indian girl on the Peigan reserve in Alberta? If so, what action is being taken to implement its recommendations for programs to avoid similar tragedies?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I will take the question as notice and bring it to the attention of the minister when he returns to the house.

EXTERNAL AFFAIRS

QUALIFICATIONS REQUIRED FOR APPOINTMENTS ABROAD

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Has the minister's department given any consideration to appointing to ambassadorial or lesser positions people who understand the language of the country in which they will serve after appointment, or are these appointments based primarily on whether the people concerned are purely Liberals.

An hon. Member: How can you be "purely" a Liberal?

Mr. Speaker: Order, please.

Mr. Korchinski: This is a serious question, Mr. Speaker.

Mr. Speaker: Order, please. The question may be very serious, but it would be just as serious if it were placed on the order paper.

ADMINISTRATION OF JUSTICE

POSSIBLE LEGISLATIVE CHANGES RESPECTING JUVENILE DELINQUENCY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Solicitor General. I would ask the minister whether he can indicate to the house when he might be preparing for introduction changes in the law based upon the recommendations of the committee on juvenile delinquency.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, we are now in the final stages of preparation of a draft discussion paper, which will be forwarded to the various provincial authorities. We shall be proposing a meeting perhaps a little later in the year.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF SIR ROBERT MENZIES OF AUSTRALIA

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I wonder whether I might have the permission of the house to draw attention to the presence in the gallery of a very distinguished commonwealth and world statesman, the former prime minister of Australia, Sir Robert Menzies.

Some hon. Members: Hear, hear.

HEALTH AND WELFARE

MEDICARE—REQUEST FOR REVIEW OF LEGISLATION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, on Tuesday the right hon. Prime Minister undertook to look into the question of whether the request of the provinces for a conference on medicare would be acceded to. Can the Prime Minister now give us an answer?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. Unfortunately the Minister of National Health and Welfare had to leave yesterday. I hope to be able to do this tomorrow morning.

[*Translation*]

EXTERNAL AFFAIRS

VISITS TO CANADA BY MEMBERS OF FRENCH GOVERNMENT

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs (Mr. Martin).

Can the minister tell us if the French ministers who are coming to Quebec one after the other to sign agreements with that province are invited to Ottawa and, if so, why they fail to come as they might be expected to?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I can assure the hon. member—and he knows it very well—that all those ministers are always invited to Canada and that our relations with the government they represent are normal.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, may I put a question to the hon. Minister of Justice and Attorney General (Mr. Trudeau)? I assure you it is not the one I put yesterday.

Mr. Speaker, can the hon. minister tell us whether since the Conservative party and the member for Winnipeg South Centre (Mr. Churchill) have adopted the "two nations" theory, the committee headed by Mr. Carl Goldenberg has reported to him on the matter, and whether he agrees with that theory?

Mr. Speaker: Order. The question may be different, but it is just as out of order as the one asked yesterday.

[*English*]

TRADE

REASON FOR DECREASE IN EXPORTS LAST AUGUST

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Could

the minister explain to the house why exports fell off in August after a series of rises? Does this, in his opinion, reflect the inflationary pressures that are making it more difficult for our products to be sold?

Hon. Robert Winters (Minister of Trade and Commerce): With regard to the last part of the question, Mr. Speaker, the answer would be in the negative. Generally speaking, exports last August were down compared with August of the year before because of three main factors. One was the fact that wheat was not moving as well this year, partly because of the strike on the great lakes. Second, we were in a period when the automobile industry was changing over its models. Third, last August, for a variety of reasons, was an extraordinarily good export month.

Hon. J. A. MacLean (Queens): Mr. Speaker, I would like to ask the Minister of Trade and Commerce a related question. Is the government presently taking any action which would result in the greater use of the metric system by Canadian industry, thereby improving Canada's competitive position in a large segment of the world market?

Mr. Speaker: Order. This is a very general question. I do not believe it is so urgent that it cannot be placed on the order paper.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, October 4, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith (p. 1197), and the amendment to the amendment of Mr. Cameron (Nanaimo-Cowichan-The Islands) (p. 1201).

Mr. John Gilbert (Broadview): Mr. Speaker, prior to the adjournment last evening I was directing my remarks to the Minister of Finance and I stated that the mere fact he has made two speeches in the last two days with regard to the economic state of the nation clearly indicates the seriousness of the situation and the inability of the government and more particularly his own inability to cope with the problems and to provide adequate solutions. When one thinks of the Minister of Finance one thinks of a person who has attempted to show the Canadian people how to manage their own affairs, to show how he would balance the deficits of the nation, and how, by practising frugality and good management, we would have prosperity and stability.

I pointed out to him that this has not been so since he has taken office and I set forth three examples to prove how miserably he has failed to come to grips with these problems. The first example was the consumer price index which has shown a steady increase in the Canadian economy. I indicated to him that the Dominion Bureau of Statistics' figures show that the consumer price index has increased from 139.5 in July, 1965 to 144.3 in July, 1966 and to 150.2 in July, 1967. This would indicate that the Canadian people are paying, as of July of this year, $150.20 for purchases for which they would have paid $100 in 1949. I also told the minister that in my opinion the people whom this situation affects most are those who live on fixed incomes such as the old age pensioners and people in the lower income bracket.

The second problem with which the minister has failed to deal is unemployment. Unemployment has been a continuing festering sore on the Canadian economy. D.B.S. figures inform us that since 1965 there has been an upward trend in unemployment despite occasional seasonal declines. In July, 1967, the number of unemployed stood at 330,000 in absolute figures. Shown as a percentage of the labour force, the number of unemployed has increased steadily since the end of 1965 despite periodic declines. I said that graphs published by D.B.S. indicate a steady increase in unemployment since the beginning of 1966. In fact the D.B.S. table, which is adjusted to seasonal variations, indicates that in Ontario the number of unemployed is 3.5 per cent. In the Atlantic provinces the number has increased to 6.8 per cent, and even in the province of British Columbia the figure stands at 5 per cent. This is a disgrace to the Canadian economy.

The third point I mentioned concerns the high interest rates which were reflected in the recent increase in the N.H.A. rate on mortgages to 8.25 per cent. I indicated to the minister that in areas such as Toronto interest rates vary from 8.75 to 9 per cent. At that point the Minister of Labour (Mr. Nicholson) challenged the figure of 9 per cent and suggested that in Toronto interest rates for conventional loans only varied .5 per cent. I should like the Minister of Finance and the Minister of Labour to know that according to the information I have received the rate on

loans on prime properties in Toronto stands at 8.5 per cent and on secondary properties the variation is between .25 and .5 per cent, which would bring it close to 9 per cent. The interest rate on prime properties in Sudbury stands at 9 per cent and the interest rate on prime properties in London, Ontario is 8.75 per cent.

I also pointed out that the guaranteed investment certificates of the National Trust Company now pay 6.75 per cent and that in order for the company to make a margin of profit it would have to lend money at a rate of interest between 8.5 and 9 per cent. These were three of the items that I mentioned in the house last evening.

Yesterday we heard the remedies which the Minister of Finance proposed to some of these problems. He stated that the real causes could not be found in any one place and he suggested there may be two areas in which the government and business can show restraint. The first one was restraint on government expenditures, and he indicated that the government has made special efforts to trim down the estimates for the next year and that it will be his aim to reduce our present deficit.

The cutting back of government expenditures has also been proposed by the Conservative party. In fact the hon. member for Edmonton West (Mr. Lambert) yesterday took the government to task with regard to government expenditures without making suggestions as to what expenditures the government should reduced with the exception of the social and welfare areas. He said in fact that if we cannot afford to pay for old age pensions and medicare programs we should make cut-backs in those areas. This appears to be a far cry from the pressure which the Progressive Conservative party tried to apply during the early part of the year to increase old age pensions for the senior citizens of the country. The Conservative party has not indicated, nor has the Minister of Finance, that in cutting back government expenditures we should cut subsidies to the wheat farmers or cut our defence budget thereby affecting the maritime provinces and the province of British Columbia. The members of that party have not suggested that we cut the subsidies to the coal industry and no suggestion has been made with regard to a cut-back on educational grants or other social services.

It is true that government expenditures have risen within the last few years but it has been to cover an increase in social and welfare programs, educational grants, transportation, interest on the public debt and subsidies. All these increases have been necessary for the over-all good of the country and they are to be expected. The Economic Council of Canada stated that in the future the government must participate in these types of programs if the progress and prosperity of the Canadian people are to continue. All too often increases in government expenditures are translated into a criticism of increasing government waste in its departments and agencies and of the application of Parkinson's law as well as excessive bureaucracy and lax administrative control. It is necessary that the government adopt better measures of reviewing and auditing government expenses, but this is secondary to its main function of determining the priorities of the government in facilitating high standards of performance in the nation's economic and social development, for example, with regard to education, health and welfare, transportation, resources development and the improvement of the quality of life of all Canadians.

• (3:30 p.m.)

We in the New Democratic party feel that the government has failed miserably in determining the priorities for its expenditures. The most flagrant example is this regard in the field of housing. The serious shortage of housing today is an indication of the lack of foresight and leadership of the federal government in respect of an urgent and pressing problem.

The solution of the Minister of Finance (Mr. Sharp) appears in *Hansard* for Monday, October 2, where as reported at page 2730 he recognized the problem and stated:

> —there is no doubt that now there is a shortage of housing accommodation in Canada. This shortage, of course, is particularly to be found in the very rapidly growing urban centres, one of which I help to represent in this House.

The minister then set forth his solution to the housing problem in Canada and as reported at page 2731 said:

> The first problem we have to deal with, if we are going to face up to the housing problem adequately and not in a partisan fashion, looking at the realities of the situation, is the shortage of capital or I might say, if you want to put it another way, the shortage of savings.

Then the minister went on to set forth the necessity for high interest rates to attract United States capital to participate in the economy; otherwise there would be a drop in the housing program. The minister said:

> Canadian rates must be high enough in relation to those of the United States that they will attract

into Canada the capital required to supply our deficiency. This is just a fact of life. There is nothing we can do about it unless we can increase our own savings—

That is his solution to the housing problem, Mr. Speaker. I was hoping that the Minister of Labour (Mr. Nicholson) would be in the house because I wanted to remind him that in the symposium on housing held in Toronto in the spring of this year the former president of Central Mortgage and Housing, Mr. Mansur, took an entirely different approach to this problem. The minister has stated that there is a shortage of savings. Mr. Mansur stated that the real problem with housing in Canada today is not a shortage of mortgage funds but the high cost of houses. The main elements in the high cost of houses are the high cost of land, the high cost of labour and materials, and the high cost of interest rates. In fact, Mr. Mansur put it rather dramatically and said that there was enough mortgage money pouring out of the ears of the finance companies to take care of this problem but it was just that we have outpriced ourselves because of the high cost of housing.

This is a far different approach from that taken by the Minister of Labour and the Minister of Finance who say there is a shortage of savings and that we do not have the necessary capital. We in the New Democratic party say that there is a shortage of savings by the Canadian people, that it is the lack of direction and the misallocation of funds to meet the present economic and social needs of the country that is the cause.

I should like to give hon. members an example. Many people say that Canadians are great savers. There is plenty of evidence to support this contention. In 1947 Canadian savings amounted to $6 billion, in 1950 to $7 billion, in 1955 to $10 billion, in 1960 to $15 billion, in 1965 to $25 billion and 1966 to $27 billion. This indicates the tremendous savings that are made by the Canadian people.

The problem as we see it is the direction of the savings of the Canadian people. The main bodies that control the savings of the Canadian people are the lending institutions. For example, I should like to mention the direction of Canadian investments by the Canadian life insurance companies. In Canada life insurance companies do about 50 per cent of the insurance business; the balance is in the hands of United States and English companies. According to the superintendent of insurance, total investment in 1965 on the part of Canadian insurance companies amounted to $12 billion. These investments comprised four main categories—bonds, stocks, mortgage loans and other assets. The report of the superintendent indicates that only 65 per cent of this $12 billion was invested in Canada. The remaining 35 per cent was invested in the United States, the commonwealth and other countries. We feel that there should be a high percentage of the savings of Canadians directed to investment in Canada so as to take care of the economic and social needs of the nation.

Although one is disappointed at the investment picture of the insurance companies, one can be greatly disturbed when one looks at the mutual funds in Canada. They have no social conscience whatsoever. In fact, most of the investments of the mutual funds are not placed in Canada. The great majority of these funds, the savings of the Canadian people, are invested in the United States. Therefore we feel that the government must give direction to the savings of Canadians so as to provide the necessary money for the development of Canada. There would not be this serious housing crisis today if the government had given direction to the lending institutions in investing the savings of the Canadian people.

Another area where Canadian savers could place their money is in the Canada Development Corporation, which could be another useful instrument in the development of Canada by providing an opportunity for Canadians to participate in the development of the country and giving them a fair return on their money. However, Mr. Speaker, the government has been talking about this corporation for quite some time but as yet has not taken any action. One is therefore led to believe that the main reason the government has not taken action is that the very institutions that give money to the government at election time have either discouraged or restrained the government from doing so. We as Canadians cannot buy back Canadian industry, as has been stated by one of the ministers of the government. We must direct the investments of Canadians to the development of industry and to meeting the social needs of the country.

Another area where the government could show leadership is in resource industries such as mining, oil, pulp and paper and the like. Here the government should be giving direction and encouragement to develop our manufacturing industries in Canada and help them specialize so they can supply the home market as well as compete successfully in the international market. Too many of our

natural resources are being exported to countries like the United States, where in turn manufacturers make the products which we in Canada have to buy back again. We feel that greater emphasis should be placed on our natural resources and more opportunity given to Canadian companies to develop these resources to their full utility so they can make products we now have to buy from our neighbour to the south and are also able to compete successfully in the international market.

• (3:40 p.m.)

Perhaps the best example of this is to be seen in the remarks of the Minister of Trade and Commerce (Mr. Winters) as they appear in the minutes of the meeting of the committee on finance, trade and economic affairs of June 13. The hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) asked the minister the following question having to do with the production of nickel in Canada. On page 57 of the report the following appears:

I would like to ask the minister to make some further comments on a matter that he discussed in the house on June 5 with my colleague, Mr. Saltsman, on the question of the nickel production and supplies of nickel for the domestic market.

I have here a report in the *Globe and Mail* of April 20 of the annual meeting of the International Nickel Company, and this does not seem to track very well with the reports of D.B.S. and with your own statement, Mr. Minister, about the production of nickel. Mr. Wingate had this to say:

"Production this year will be a record but not as great as last year's deliveries of 500.2 million pounds, which included 100 million pounds of U.S. government surplus nickel sold at no profit."

I was wondering if I could get some explanation of what that means.

I have also had reports of domestic users who have been restricted in their deliveries while at the same time our exports to the United States have been increasing. The fact is reported that in 1966 we exported 1.7 million pounds more than we produced.

I was wondering if the government has in mind any possibility of stockpiling a certain amount of it here in Canada rather than leaving some of our domestic users in short supply and continuing the exports to the United States at the rate they are presently being undertaken.

The minister replied:

The stockpile in the United States has distorted the supply and demand figures. There has been a drawdown on the stockpile which gave the impression that there was a greater availability of nickel than there really is from world production. World production is not able to meet world demand at the present time, and the stockpile is getting pretty well eroded. The strike at Sudbury last year distorted the production figures considerably and set back the supply side of the supply and demand relationship.

International Nickel has been pressed to meet demands on a world basis for nickel; they have not been able to cope with it. In this situation, they have undertaken to provide to Canadian users—

This is the important sentence:

—100 per cent of their utilization of last year.

The hon. member for Nanaimo-Cowichan-The Islands then said:

But with no provision for any expansion in their operations.

Later he said:

Does the government not think that the primary objective of the government should be to see to the expansion of Canadian industry that is dependent on nickel supplies?

The minister replied:

We think that is a primary objective; but, as I said, we have got to balance that against our export commitments, and we attach great importance in Canada to a high level of exports.

That shows that the government puts great stress on export of our natural resources. I think the evidence is obvious, as we see it, that the government will give to Canadian industry only 100 per cent of the utilization of 1966, with no provision for expansion. We say that Canadian natural resources should be made available first to Canadian manufacturers. Canadian industry should be developed first and only the surplus ought to be exported.

The N.D.P. also feels that an investment advisory board ought to be set up to guide the investment of retained earnings of Canadian corporations within the country. Such a measure would cope with many economic and social problems. The Minister of Finance is quite familiar with the technique involved. Not long ago he imposed a 5 per cent surcharge tax on Canadian corporations. He allowed them 5 per cent on their money and promised to return it with interest within a period not to exceed 36 months. The minister became generous and returned their money to the corporations within a much shorter period. Now the minister talks of an excess of demand in the Canadian economy. Perhaps he ought to impose a similar tax again, but this time he might be well advised to lead our corporations toward the best types of investment to keep our economy stable and growing.

To dampen inflationary tendencies the minister said yesterday that he would ask industry and labour to restrain themselves with regard to prices and wages. I submit it is only fair, if labour unions in Canada are to

go through the complex process of negotiation, mediation, conciliation and arbitration before going on strike for higher wages, that Canadian corporations ought to be placed in a similar position. That is why for some time we have urged the government to set up a prices review board. It would examine any unjustifiable increases in the prices of Canadian goods. As the government imposes the restrictions I have mentioned on labour, surely it has a duty to impose similar restrictions on industry. Just asking industry to restrain its pricing policy while at the same time proposing a complex process for the trade unions to follow is not fair in the circumstances.

Substantially, Canadians must run their own economy for their own development; they should not be the tools of corporations when it comes to direction and development. This party feels that if we were to implement the measures I have tried to outline Canada would enjoy more stable growth and our people would become the first priority.

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the lead-off speaker for the official opposition, the hon. member for Edmonton West (Mr. Lambert), yesterday complimented the Minister of Finance (Mr. Sharp) for polishing his image as a "pater familias". I am not a lawyer; my background is engineering. I shall have to take the hon. member's definition as being correct. At any rate, he translated it to mean "the good, prudent man". I agree with him. I think the present Minister of Finance is a prudent man. Certainly he is a good manager. He has the vital interests of the Canadian family at heart and is doing a first class job.

Mr. Knowles: Another polisher.

An hon. Member: Don't smile.

Mr. Davis: No doubt the hon. member feels that we shall take full credit for the developments of the last few years. No one can do that and the Minister of Finance would not wish to. The enterprise, initiative and hard work of the Canadian people have caused the economy of the country to increase in a remarkable way, in a dramatic, unprecedented way. In the last half dozen years our volume of output, not the value inflated by price increases, has gone up by nearly 40 per cent or considerably more then one third. Exports have gone up by more than 50 per cent. Housing is up 20 per cent; unemployment has been cut by one-half. These are important developments and I believe everyone in the country can take pride in them. Certainly we on the government side can take pride in them.

• (3:50 p.m.)

Hon. members who remember the economic situation of a few months ago will recall that the economic wizards were talking then about the economy of north America being on a knife edge. There might be a recession of some considerable consequence ahead and there was uncertainty in some quarters and a lack of confidence. Today, a few months later, optimism has become the rule. But the budget which was drawn up in the spring to deal with that knife edge situation was, I think, an appropriate one. It was a budget which had been kept roughly in balance.

I should like to deal briefly with the budget and its orders of magnitude in terms of the type of accounts the economists usually draw up, those which show how government expenditures affect the economy; whether they are either inflationary or deflationary. The national accounts analysis of the budget was published along with the other budget papers tabled by the Minister of Finance on June 1 this year. It shows that the government ran a surplus on national accounts in 1966 of some $576 million. This, roughly speaking, was a 6 per cent surplus in terms of the economic impact and it had a depressing effect on the national economy; it cooled down an overheated economy to that extent. In 1967 the budget surplus on a national accounts basis was $141 million, a surplus of roughly 1½ per cent. The budget as submitted for this year shows a deficit of $228 million on a national accounts basis, a deficit amounting to 2 per cent, not 20 per cent or 200 per cent, as some of our critics would have us believe, but 2 per cent. The impact on the economy was inflationary to the extent of only 2 per cent. This was the budget drawn up in the spring to deal with the knife-edge situation which existed six months ago.

We have heard from the Minister of Finance that he is currently cutting back drastically in 1968. He can now see a more dynamic and continuing situation ahead. Our six-year upswing is going into its seventh year and it looks as though a buoyant situation will continue for a long time to come.

Some levelling off is possible. We have used up a lot of the slack in the economy. We have put to work a lot of people who were unemployed and we have put to work a lot of plants which were idle. Hence there is some

slowing down as an economy which is flat out begins to operate as I hope it will for many years to come.

There are several other figures to which I want to direct the attention of the house. There is, first of all, the order of magnitude of the transfers to the provinces. I said we were running a deficit of 2 per cent on a national accounts basis. We have a total budget on that basis of the order of $11 billion. Of that amount, $2 billion goes to the provinces as a direct transfer into provincial treasuries. Thus, if hon. members want a true picture of what the federal government spends for federal purposes within the B.N.A. Act, it can be said we were running a surplus of nearly 20 per cent. The federal government has certainly balanced its budget. It is handing over to the provinces no less than $2 billion and the provinces are using this money for local and provincial economies.

It is not easy to produce figures showing the extent of federal assistance province by province, but one can get some indication of them from the reports of the Economic Council of Canada. Reading the second report of the council I find that in Newfoundland and Prince Edward Island at least 50 per cent of the provinces income is derived from Ottawa in one form or another—equalization payments, payments in connection with joint cost programs, and so on. In Nova Scotia and New Brunswick federal assistance ranges between 30 per cent and 40 per cent. In Quebec, Manitoba and Saskatchewan it is about 20 per cent and even in the so-called "have" provinces, Ontario, Alberta and British Columbia, federal support for all provincial purposes, including municipal purposes, amounts to about 15 per cent.

Thus, when we look at the federal budget we are looking at more than the national accounts as they relate to moneys taken in and expended for purely national purposes. We are looking also at surpluses generated for payment to the provinces, not only to those with low average income and high unemployment but to all of them.

We have certainly introduced a number of expensive programs in the area of social security. However, I should like to point out that most of these are not in themselves inflationary. We have made new expenditures and in some cases we have obliged the provinces to incur new expenditures. But we have always made sure that the revenue necessary to meet these payments is available. The programs have been organized in that fashion.

Consider, for example, the old age assistance legislation. I well remember how bitterly both the official opposition and the New Democratic party criticized the increase in taxation which the Minister of Finance introduced to meet the cost of increases in these pensions. But as a result of the action he took the whole of the old age pension account is now in balance. As much is being taken out of the economy as is necessary to make these benefits available to our older citizens. The old age program, as it has been managed by the minister, is not inflationary.

The Canada Pension Plan is not inflationary. There were many who said that more would be taken from the Canadian people in the form of contributions than would ever flow back into the economy through reinvestment by provincial governments. Ottawa has been the keeper of the accounts; it has been collecting this money and passing it on to the provincial governments. The plan has not been inflationary and the money paid out has not exceeded income contrary to the dour expectation of pessimists opposite. It has not had a depressing effect on our economy; it has not, of itself, been inflationary.

The unemployment insurance fund is in the black. It was in the red back in 1961 and 1962. Today it is managed in such a way as to be substantially in balance. Even the government legislation having to do with medicare contains its own provision for balancing income and expenditure. If people take a sufficiently broad view of the medicare scheme they must realize that there will be few, if any, more doctors at work after the plan is introduced than there are at the present time. The doctors will not suddenly be submitting larger bills and charging higher fees to their patients. In other words, a different system of accounting will be in effect. The manner of collection and payment will have been changed but the economic impact of keeping our accounts in a different way will not be appreciable. Indeed, I have sufficient faith in the medical profession to think that medicare will not be inflationary at all and that we will be getting good value for our money under a financial scheme which sees a mixture of public and private plans in effect across the nation. These new arrangements in themselves are not inflationary.

• (4:00 p.m.)

What can be controlled and certainly influenced by the actions of the government

are the expenditures of many of our departments. Here the most inflationary single element is in the category of salaries and wages. For example, take the accounts of the Department of National Defence. I remember the former minister, now the Minister of Transport (Mr. Hellyer), explaining his estimates last June. He made it abundantly clear that if it had not been for salary and wage increases, increases in pay and allowances to the armed forces, his budget would have been down by about 10 per cent. The very modest increase in the national defence budget is entirely due to increased wages, salaries, pay and allowances.

This problem of increased wages and salaries runs throughout the entire civil service and throughout the economy in general, but certainly that the area of the civil service, of the departments, is one that should be under the control of the government and the government should do something about it. I think the sort of thing the government should do is to go slow on its hirings. On balance let retirements reduce the payroll of many of our departments. I know of a few examples where branches, boards and departments have increased not twice or three times in the last decade but have gone up 10 or 15 times through proliferation, through the rounding out of jobs which do not need to be done in such an elaborate fashion. I would like to be quite specific in respect of some of our crown corporations.

I notice according to the estimates in the blue book that for the current year C.B.C. expenditure is to go up by some $30 million, from $115 million to approximately $145 million. I do not think there is anyone in this country who is not alarmed about the budget of the C.B.C., but there are very few people who seem to be able to put their fingers on some of the difficulties, the errors, the miscalculations, the plain mismanagement that goes on within that large corporation. It badly needs a shaking up, and I am sure it will get a shaking up as soon as the new broadcasting act has been introduced and a new management installed.

To give an example, I have a clipping here from the Vancouver *Sun* of September 29, 1967. It is a column written by Mr. Les Wedman. In it he refers to a so-called popular program which has appeared on C.T.V., "Mission Impossible," a United States produced series. C.T.V. ran the series last year for a given fee. However, before C.T.V. could reach the source of the series in the United States to cancel it for the coming year, they were met by a shamefaced executive from the company which films "Mission Impossible" who said that C.T.V. could not have it anyway because they had been outbid. The C.B.C. is going to run it this year for twice the price. The C.B.C. had not even bothered to check with C.T.V. to see whether it could take up C.T.V.'s option and get the series for half the price that we, the Canadian taxpayers, are now going to pay for that program.

I think some hon. members opposite will be interested in another example given in Mr. Wedman's column, dealing with the coverage of the recent Progressive Conservative convention at the Maple Leaf Gardens in Toronto. Certainly the television coverage was good, and everyone I have talked to thought it was a great event. I think it was a very fine event and deserved full coverage. I only trust that future conventions will get as good coverage but here is what Mr. Wedman wrote about it:

> C.B.C. spent in excess of $400,000 to cover the convention and used 486 people to bring it to viewers. C.T.V.—with more hours on the air and scooping C.B.C. all along the line—did a better job with only 48 people at a cost of $43,000.

C.T.V. did the job for roughly one tenth the cost and with one tenth of the personnel used by C.B.C. Probably the C.B.C. could have held its own convention in Toronto at the same time and it would have been an impressive one with all those people present. But it is not good value for the taxpayers' money.

Mr. Ricard: What are you going to do about it?

Mr. Davis: This type of thing should stop. I now wish to deal with a few projects out west. I personally worked hard to get the federal government to build a new crossing over the harbour in Vancouver. Finally, the National Harbours Board and the Department of Transport—

Mr. Scott (Danforth): Would the hon. member permit a question?

Mr. Davis: I would like to finish this example.

Mr. Scott (Danforth): It is on the C.B.C. I do not want the hon. member to get sidetracked from it.

Mr. Davis: I will answer your C.B.C. question.

Mr. Scott (Danforth): Now or later?

Mr. Davis: Later. Now we are going to have a federally financed crossing built over the harbour in Vancouver but the costs will be substantially, if not totally, repaid by tolls. The costs will be defrayed substantially if not totally by the users of the facility, with the federal government merely acting as a banker just as it does with respect to housing. This is fine. The user knows what he is getting and what he is paying for it.

In this connection I point out that the people of my riding, who number 150,000, look with some envy at the people of Prince Edward Island. The people of Prince Edward Island, whose population is 105,000 have been promised that a crossing will be built between the mainland and Prince Edward Island. It may well be a causeway. This is an obligation of the Canadian people that dates back to confederation. I think all of us agree that the people of Canada should shoulder the cost of a good, adequate, but economic means of transportation and communication between Prince Edward Island and the rest of the country. This is agreed, but I would like to be assured that we all get good value for our money.

I have seen various estimates of the cost of a causeway to Prince Edward Island varying from $100 million to $150 million and maybe more. I might point out that there are other ways of getting people and goods backward and forward across water. On Vancouver island we have 330,000 people, three times the population of Prince Edward Island. There are greater distances involved. Far greater tonnages of goods and numbers of people move across Georgia strait than between New Brunswick and Prince Edward Island, and we do this with a capital investment of less than $70 million. Approximately 5 million people moved backwards and forwards between the mainland and Vancouver island last year, well over 1 million vehicles, freight cars, goods of all kinds in bulk and in packages and all this, as I say, for a capital investment of less than $70 million.

I know that the federal government looks at alternatives quite seriously. If a mixture of public and private enterprise can do a job on the west coast of this order of magnitude for a capital investment of $70 million, then it should also take another look at the causeway proposal and the alternatives to it. In fact I expect the government to take a hard look at the alternatives. The government must see if a causeway will last almost indefinitely with little maintenance because in that case possibly the benefits would exceed the cost in the long run and so a causeway could still be the answer.

• (4:10 p.m.)

I want to be sure, however, and know at first hand through seeing the arithmetic, that the right decision is being made. I do not wish this just for myself. I want the people of my riding and the people on the west coast to know this. One of the things they grumble about is investment of this nature where they believe the federal government is engaging in give-away programs merely to buy votes. Obviously, from the result of the last federal election, causeways do not buy any seats in the House of Commons, although they may—still be important in the eyes of some people.

Then there is the matter of the coal subsidies. Much has been made of this. I am glad to see that in the blue book they are down by about $3 million in the estimates for this fiscal year. This is a move in the right direction. I do not like subsidies. I want to see the subsidies used in the movement of coal from western sources in the prairies and British Columbia to the coast eliminated. All this coal is moving to Japan for the steel and power industries there.

I do not believe we should be subsidizing exports in this way, especially exports of a non-renewable resource. I have been told that the Japanese do not want coal on the basis that there is substantial government support because the government in the country of origin might pull its subsidy out some day and they would be caught with a bill which they would have to pay for many years after. I think that in order to trade with the Japanese in respect of coal we should do it on a businesslike basis without subsidy, as private enterprise would do it.

I gather that one of the terms of the General Agreement on Tariffs and Trade and one of the understandings among nations in respect of the promotion of more trade throughout the world is that countries should not subsidize their exports in this way. This is one area in which Canada really has not been living up to the principles of the General Agreement on Tariffs and Trade. I believe it is good policy to phase out the subsidies on coal for export which moves from our western coal mines. As a member from the west I think I can speak for many western people on this subject. I know that the great majority of the people in my part of the world would be glad to see these subsidies phased out. Here is another place where

the government can save some money and be businesslike as well.

I should like to refer now to the matter of atomic energy and research. In 1961 I had the temerity to appear before a committee of this house on research. I suggested that benefit cost studies be carried out on a nuclear power program in this country. I suggested that one of the questions which should be answered is what should be the appropriate level of research in the broad area of nuclear power production. At that time I suggested that the $40 million budget be cut back and that some of the cut-back might be used in other areas of research. I could be wrong. But I would still like to see a benefit cost analysis done on our present program in an effort to see whether the benefits exceed the cost, allowing always that there is some uncertainty about whether our reactors will be the best in the world and whether nuclear energy will in fact be cheaper than certain other alternative sources of power.

The budget of Atomic Energy of Canada Limited is in the order of $70 million this year. Thus far we have spent about half a billion dollars on nuclear research and development in respect of Atomic Energy of Canada Limited and its related activities in this country. Half a billion dollars is a lot of money. It could go a long way toward buying many alternative benefits and paying for other research. I am not saying the money is misspent. We have a first class reactor and possibly a world leader; I hope it is, but this has yet to be proven.

Must we continually go on pumping money into research in this country at the rate of $70 million a year? It is interesting to note that the United Kingdom finally has decided not to keep in the running in the area of jet aircraft development. This program became quite expensive. They did not drop out as dramatically as we did in respect of the Arrow program, but they found they could not compete with the subsidized jet program of the United States. Now the United Kingdom is wondering whether it should do the same thing in respect of atomic energy.

Why should we not do a good cost benefit analysis in respect of the atomic energy program in this country so that we can either be comforted in the knowledge that we are spending money on the right scale or be informed concerning the right order of magnitude of any cut-back? Although I was a scientist at one time, I am not one of those who believe that a scientist is any different from anybody else. He likes to run his own empire and have more people working for him. He is no different from anyone else; he is dedicated and wants to do a good job. But he lacks perspective and he is the last person to ask how much money should be spent on his program in the public interest.

The Science Council of Canada recently made a recommendation, or at least a meaningful reference, to a project called I.N.G., the intense neutron generator project. It is rather fond of this project, as is Atomic Energy of Canada Limited. At page 12 of the first annual report of the Science Council of Canada, 1966-67, we find that these—

> —research facilities would cost over $150 million to build, spread over a seven-year construction period, and that the operating budget in succeeding years would be over $20 million per annum.

This might be fine but we would be putting a lot of eggs in a single basket. I would rather see ten separate projects costing $15 million and ten separate projects with operating charges of $2 million a year paid out of the federal treasury in respect of experiments related more closely to the processing of our resources. This alternative of carrying out different researches with different research teams, different research leaders and so on, a variety of programs rather than one big one or a very few big ones, I think is sound. Certainly it spreads the risk. I believe it is economically defensible and fits in better with the regional development of this country in that we would have research scattered regionally across Canada and not situated in one spot at the centre of our great nation.

In respect of social security, I think our social security program is excellent. I believe a great many measures have been brought in in respect of which we can all take pride. These are measures which Canadians are gradually coming to understand. But for the time being at least we have gone far enough with expensive programs. I was therefore glad that the Prime Minister said in an interview with Mr. Ross of the press gallery, as reported in the July edition of *Maclean's*:

> —we've pretty well established what I have called the basic foundation of social security. From now on, we will improve and refine rather than extend.

Personally I was very much heartened by that comment, as I am sure many other people were as well.

The Acting Speaker (Mr. Rinfret): Order. I regret to interrupt the hon. member for Coast-Capilano but the time allotted for his speech has expired.

Some hon. Members: Go ahead.

The Acting Speaker (Mr. Rinfret): Does the hon. member have unanimous consent to continue his speech?

Some hon. Members: Agreed.

Mr. Davis: Reference has been made to a broader approach to what might loosely be referred to as social security legislation. This is an intriguing thought. It suggests that we could eliminate many of our social security programs if we had one vast program which was more comprehensive and which would do away with many of the administrative details of, say, unemployment insurance, old age pensions and so on.

• (4:20 p.m.)

This is referred to as a guaranteed annual income approach. We have introduced a guaranteed minimum annual income for older people in this country. We are learning about the administrative problems and I think this program is already being recognized as a success. But I personally doubt that we need a guaranteed annual income, not just for the elderly in the country, not just for the very young or those still at school or receiving instruction, but for the healthy, those capable of working, those capable of taking initiatives, those capable of looking after themselves; in other words, those between the ages, say, of 21 and 65.

I cannot become enthusiastic about a guaranteed annual income program of that scope. There are several reasons why I cannot become enthusiastic about or interested in such a program. One reason is the total volume of money, of tax dollars, that would be required to support such a program. I have not been able to get firm estimates. However, it is somewhere between $1 billion and $2 billion, depending on how much was saved by wiping out other programs.

I should like to know what such a program would cost before I would even begin to comment favourably on it. I sent the Minister of National Health and Welfare (Mr. MacEachen) a written question in June asking whether an estimate had been made of the figure involved in paying, let us say, $3,000 a year as a guaranteed annual income to all Canadians. His answer to my question No. 328 was that no estimate had been made. I do not believe the government can be thinking very seriously about a guaranteed annual income as it has not even made any estimate of the cost of financing such a program in this country.

But that is as it may be. What are the problems? One of the most serious problems is that we have areas in this country of relatively high incomes and relatively high costs and in other parts of the country there are relatively low incomes and relatively low costs. Therefore, if you gave the same guaranteed income to people in Newfoundland as you gave to those in British Columbia you would be giving an income which looks larger in Newfoundland than it does in British Columbia. Also, costs in different parts of the country may be higher or lower. This applies especially in the eastern parts of Canada as compared with the west coast.

I was very interested in the table which was appended to a speech given by the minister of forestry (Mr. Sauvé) in June. This table showed that if we assumed $3,000 to be the minimum income of a Canadian family, in Newfoundland more than half the population would be receiving some money to guarantee an annual income of $3,000. More than 50 per cent would also be supported in this way in Prince Edward Island. In Nova Scotia and New Brunswick approximately 40 per cent of the people would require this support. In Quebec, Manitoba and Saskatchewan between 25 per cent and 30 per cent of the families would have their income supplemented up to $3,000, and even in Ontario, Alberta and British Columbia about 20 per cent of all families would be assisted under a guaranteed annual income program of $3,000 a year. I am not saying that in such a program the figure need be set at $3,000, but I doubt that many people in the house think that anything less than $3,000 annual income for a family in this country is good enough anyway.

Those hon. members who listened to the Prime Minister (Mr. Pearson) outline the legislative program for the rest of this session know that some additional tax dollars will be required if the programs to be dealt with are carried into effect. They are designed to make our economy more flexible, to make people more mobile. I hope they will include, perhaps next year, adjustment assistance to help our industries and the employees in industries affected by the Kennedy round of trade negotiations to find new and better paying jobs.

We need a more flexible economy. Our people are mobile. They need to be more mobile. They need to be better educated. They need more instruction in order to learn new skills and improve their capabilities. They need to be able to make use of their talents. In the

process we will improve our productivity. The Economic Council of Canada has been harping on the question of productivity, and well it might. We need to improve our output per man-hour. We can do this if people move to areas of greater opportunity, to growth areas with new industries. In these areas the latent abilities of people could really be put to work.

There are many initiatives which I should like to see the federal government take in the months and years ahead. I should like to see us not only set up a department of urban affairs or a department of housing and urban affairs, or whatever the title may be, but one which would deal with more than just being the banker for people who need housing. I should like to see the federal government enter even more into the planning process with the municipalities.

I should like to see such a department help to solve not just the housing problems of people but their transportation problems, their sewage disposal problems, and so on. I should like to see the department deal with the provision of services primarily through its banking function. In effect, the money would be lent and it would be paid back by the users. It would be directly related to the value received. I think this is the businesslike way of doing things and I should like to see the federal government act more in this way.

Central Mortgage and Housing Corporation and the National Housing Act of this country have been great successes. These were federal initiatives in an area which the constitutional lawyer has always said was reserved to the provinces. Ottawa took the lead in the early 1940's. It established a building code. Many progressive municipalities adopted the code. Progressive municipalities, provincial governments and private organizations have joined in creating facilities which would not otherwise have existed. Shelter has been provided for people of different incomes and in all parts of the country. This has been all to the good.

In respect of transportation I should like to see the federal government do what has been done by the federal government of the United States. That government has built great highways, throughways, connecting streets and so on through a special fund. This fund has been developed by imposing a tax of roughly one cent per gallon on gasoline and diesel oil. The tax money accumulating in the fund is paid out to municipalities in order that they may build highways, throughways, connecting streets, etc. The federal authorities in the United States make sure that there is adequate planning and they often help the municipalities to plan. Once the plans are agreed upon the federal government of the United States, through this fund, puts up as much as 90 per cent of the capital cost of all the new facilities they need.

We could at least go 50-50 with the municipalities, or the municipalities and/or the provincial governments. The user of these facilities the man paying the one cent a gallon tax, would be seeing the results of the tax turning up in terms of more efficient streets, better highways and less time lost in transit. I am sure he would get value for the money paid in the form of this tax. He would get value in the form of a lessening of the time taken to travel, reduction of the wear on tires, brake shoes, and so on. I am sure he would see a reasonable relationship between this tax and the facilities progressively made available to him. He would also see an account that would be in balance.

In putting such a program into effect we would be relating benefits much more directly to costs. This is the type of program that we need. We need it, by all means, with the help and blessing of the provinces, but I for one would not drag my feet and wait indefinitely for all the provinces to get on this bandwagon because, as the Economic Council of Canada has so clearly pointed out, the urban problem, the great movement of Canadians from outlying areas into our big cities, is going to be with us a long time.

We are reaching the point where 80 per cent of our people will be living in the great metropolitan areas. The figure will perhaps be 85 per cent by the turn of the century. So let us have a department that looks ahead in trying to solve the biggest single problem that we face. Let us have not just departments dealing with rural affairs and matters like ARDA and so on, praiseworthy as they may be, but a department that deals more with the really big problems of the future, problems that will involve many more people who will have even greater difficulties adjusting themselves to the circumstances in which they find themselves.

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

Mr. Davis: I am just coming to the end of my remarks, Mr. Speaker. We need to tie benefits to costs. We need a more meaningful accounting of our economy. I also believe that we need—I know this is not the opinion of the government and it does not appear to

be the opinion of the Economic Council of Canada—guide lines in instituting such a program. I do not mean rigid guide lines laid out in legislation but the frequent reiteration of what is reasonable in respect of wages, what is reasonable in respect of price increases.

I believe in a modest degree of inflation, not inflation that continues indefinitely but perhaps 1 per cent or 2 per cent a year, in order to keep the economy buoyant and growing.

• (4:30 p.m.)

But I do not believe in inflation that is up in the 5 to 10 per cent bracket. An inflation of 1 per cent per year, accompanied by a 2 per cent per annum increase in productivity, will tolerate an average wage increase of 3 per cent a year or at the most 4 per cent a year. Our economy cannot tolerate wage increases or price increases of more than 3 to 4 per cent a year on the average without genuinely affecting those who rely on their savings or those on fixed incomes who are bound to be hurt by inflation in any case but are badly hurt by inflation that is running away.

The main message I am trying to get across is the need for a better accounting of our income and our expenses. I would more closely relate revenues to expenditures. I would do this on a program basis. I would want to be sure that benefits exceed costs and that we are going to engage in programs which have the highest relation of benefits to costs, not just more benefits than costs but a benefit to cost ratio of two or three to one. There are many opportunities in this country which will turn out to have benefit to cost ratios of that order of magnitude. We need to grasp them and we need to be more business-like.

I was glad to hear the Minister of Finance say that he is cutting back, that he is determined to have a balanced budget, at least balanced on a national accounts basis, next year. We are growing very rapidly. Our economy has a high head of steam on but it needs at least a balanced budget, not a deficit budget, in national accounts terms if we are not to add to the fires of inflation.

Mr. Herridge: Would the hon. gentleman permit a question? I was most interested in his thoughtful speech but he did appear at one time to suggest that the drift to the cities was inevitable. This is something which is completely against my own personal philosophy. Does he not think we could use the ARDA program to decentralize industry and build up the smaller towns and communities, provide better living conditions for these people and get greater value for the dollars spent in that way rather than make the tremendous expenditures required in developing services as these other centres grow and the horde of parasites with them?

Mr. Davis: The World Health Organization and many other organizations, including the Economic Council of Canada, are continually showing us projections indicating a gravitation of the majority of people toward big metropolitan areas. I think this will go on for a while and we should face up to this problem. However, I agree that government at all levels should do its utmost to make sure that people live in pleasant surroundings. I would like more people to live in a community or a riding such as I represent where we have forests and mountains at our backdoor. This is marvelous, but it will not come over night and in many areas it is a very expensive proposition.

The Acting Speaker (Mr. Tardif): The hon. member for Compton-Frontenac. I apologize to the hon. member for Compton-Frontenac, but the next speaker is the hon. member for Peace River followed by the hon. member for Compton-Frontenac.

Mr. G. W. Baldwin (Peace River): Thank you, Mr. Speaker. I also apologize to the hon. member for Compton-Frontenac for making him listen to me.

Some remarks have already been made in the house in a more formal way with regard to the changes in the ministry. I was not present at the time and I do not intend to say anything on this subject although normally I would. The only suggestion I have to make along these lines, which I hope will be passed on to the Prime Minister (Mr. Pearson), is that when further changes are made I hope they will involve the shifting sideways of some of the present ornaments of the cabinet benches. Never have I seen so many gloomy and dejected faces peering at us, even with the problems posed by the lighting system here, as we have seen inhabiting the treasury benches in the last week or ten days. I do not resent their gloom. Never has a group of men worked so hard and toiled so diligently and so brilliantly to earn the right to be gloomy, and I give them this privilege. They are entitled to it, but it would be nice if they shifted sideways a little once in a while.

Yesterday the Minister of Finance (Mr. Sharp), in his second contribution to the budget debate, indicated certain views with

regard to the position of the economy and the position of the government. In one instance he referred to the great attempts being made by the government to curtail expenditures in the estimates for the coming year. My good friend, the learned and hon. member for Edmonton West (Mr. Lambert), has already dealt with this subject. I want to make another reference to it at this time because I think it is very important. I agree entirely with what the hon. member for Edmonton West said but I think there is more to the matter. The Minister of Finance would have us believe that a great melodrama takes place at the meetings of the Treasury Board, that, like Horatio at the bridge, the minister lays about lustily with his broad, red pencil, mutilating and destroying various estimates from time to time, and that the floor of the Treasury Board room is littered with the corpses of these projects. I wonder whether this is so. It seems to me more likely that something entirely different takes place, and I might give my view of it very briefly.

Let us say the Secretary of State (Miss LaMarsh) is discussing her estimates. The Minister of Finance would say: "Judy, I see $1 billion for the new five year project of the C.B.C., for the anticipated five year program. You know our new rules and regulations concerning economy. I think we have to cut you down somewhere. I see one item of $25.67 in your estimate of $1 billion for whisk brooms to brush dust off the clothes of the dignified commentators and their guests on the program "Twenty Million Questions". I think we should cut out this $25.67 and when that has been done we can say you have conformed to the new regulations."

Let us say that in another instance the Minister of National Health and Welfare (Mr. MacEachen) is asking for $900 million for medicare and other welfare programs for the next year. An item might be included there with respect to which the Minister of Finance might say: "Allan, I see an item for $5,400 covering the services of a filing clerk to file newspaper clippings of speeches made by your fellow Nova Scotian who has recently arrived in Ottawa. Having in mind that we may not need to employ this filing clerk at full capacity, possibly we could dispense with this item of $5,400."

I believe this is the kind of discussion which takes place at a meeting of the Treasury Board, but we are ready to wait and see. I suggest that the minister and the government make every possible effort to bring down these estimates as soon as possible and let the standing committees examine and compare them with the programs of previous years so as to see to what extent there has been a real effort to reduce expenditures to manageable proportions.

I must say I was a little worried by the statement of the Minister of Finance when he indicated yesterday that an attempt would be made only to reduce the growth in expenditures. I took a little time and went through the estimates of several of the departments. Four of the departments in which changes have taken place have dealt with comparable projects, namely, the Departments of Labour, Manpower and Immigration, Secretary of State and Citizenship. My calculation is, comparing the actual expenditures for the fiscal year 1962-63 with the actual expenditures for the fiscal year 1966-67, that there has been an increase of over $400 million.

Mr. Sharp: How much was it between the years 1958 and 1962?

• (4:40 p.m.)

Mr. Baldwin: I am not here at this stage to do anything else than deal with the efforts of the government and the budgetary proposals of the Minister of Finance and to see whether or not the government has justified the faith which the people of Canada put in it. It seems to me that it has not. The fact is that there has been an increase of $400 million in those years. I suggest that these are the kind of programs that the standing committees of the house, exercising their functions intelligently and responsibly, should examine so as to see to what extent there has been a real effort on the part of the government to reduce the programs, as has been suggested by the Minister of Finance.

Apart from that, Mr. Speaker, and getting to the heart of the issue here, this government stands charged that it has mismanaged both its affairs and the affairs of the country, particularly in the realm of the economy, and not only has not done the things it should have done but has done things it should not have done. If I could, Mr. Speaker, I would call as witnesses here to substantiate my allegation all of the people in the country who over the last year to year and a half have been trying diligently to secure for themselves adequate housing accommodation. I am not going to go into that question. We have had an interesting debate on it as well as one or two motions and some questions. I think these people alone, this long, dreary queue of people, who in their essential and reasonable

desire for the kind of housing accommodation that a country of this size should provide them have been thwarted and frustrated, stand as witness to the wrongdoings of the government.

I could also call before the house, Mr. Speaker, the provincial treasurers and officials of municipal corporations who have had to compete with the federal government in securing the necessary funds to carry out the responsibilities assigned to them. They are having difficulty in meeting their commitments in the situation now prevailing in Canada. In view of the conditions under which United States capital comes into Canada, I fear that in the not too distant future, if we are not deprived altogether of the market, its use will involve great difficulty.

Then there is the saddest group of all, Mr. Speaker, the pensioners and older people of the country. They are not organized. They are not able to come to this house or any of the branches of government and exert the pressure that other areas of the economy and other people in the country can exert. They are the ones who are the first to feel the effects of inflation and the last to receive the improvements in their financial requirements necessary to meet inflated costs.

Finally, I could call before the house all the housewives and others who have to go to the supermarkets to purchase the goods which are needed by their families. The plight of all of these people is the most damning indictment of this government in relation to the extent to which it has failed to manage the fiscal affairs of the country as it should so as to retain the confidence of this house and the people of Canada.

However, Mr. Speaker, I do not need to call these witnesses. For the purpose of this debate I can refer to certain documentary proof. The annual report of O.E.C.D., the Organization for Economic Co-operation and Development, issued under date of January, 1967 refers at page 7, in very polite but unmistakably critical language, to the heavy expenditures of this government. I read from the report as follows:

> Government expenditure on goods and services rose by 14.6 per cent (7.2 per cent in volume) between the first three quarters of 1965 and 1966, much faster than earlier... That federal spending nevertheless increased sharply was due in large part to higher wage costs resulting from biennial pay reviews, in some cases involving retroactive payments; in current prices, the increase in provincial and municipal expenditures was higher still—

I should also like to refer the house to the annual report of the Bank of Canada for 1966. On page 8 we find the following statement of the governor:

> As I have indicated in the opening paragraphs of this report, the record of the Canadian economy in respect of prices and costs over the past two years of high-level activity gives cause for concern. In addition to the other reasons for being concerned about inflation, we must as a practical matter achieve at least as good a cost and price performance as the United States if we are to avoid serious difficulties. For some time now we have been falling short of this standard.

His report goes on:

> —it is clear to me that for much of the last two years we have overloaded the economy.

I trust that the word "we" there is used advisedly.

> As we were approaching the limits of our productive capacity, aggregate demand was allowed to expand too rapidly for the expansion to be accommodated without major increases in costs and prices.

Then this very succinct statement is attributed to the governor:

> As a matter of simple economic arithmetic, the real income of the community is inevitably limited by the amounts we can in fact produce. You cannot get a quart of wine out of a pint jug.

At page 28 of the report the following statement appears:

> Expenditures of federal, provincial and municipal governments continued to rise rapidly in 1966. As the chart on page 27 shows, expenditures by governments have been rising faster in Canada than in the United States despite the very large increases in United States outlays associated with the war in Viet Nam... In contrast to 1965 federal government expenditures rose faster than provincial-municipal expenditures in 1966... Federal expenditures on goods and services rose by 18 per cent in 1966 compared with 7 per cent in 1965.

We have heard some attempt at rebuttal from that quarter of the chamber occupied by the government members. As I listened it seemed to me that no real defence was being attempted in respect of the indictment which has been levelled against the government but that rather we were being asked: "Well, what would you do about it? Where would you reduce spending programs? Why did you vote for such and such a measure?"

It is the government, Mr. Speaker, that is on trial here. This party is quite prepared to take its stand whenever the next election is held and to justify the responsible positions that it has taken from time to time. However, this time we are not dealing with the opposition; we are dealing with the allegations made against the government in connection

with its management, or rather lack of management, of the financial affairs of this country.

Apart from that, Mr. Speaker, I think we are in pretty good standing here because in July, 1966, during the course of the debate on medicare, an amendment was moved in the house on the resolution stage of the bill. I moved that amendment. As a matter of fact, I would have been delighted to read a great number of extracts from my speech but natural modesty prevented me. I also had some concern for the feelings of the Minister of Finance, who probably has greater difficulty than I in going back and quoting some of the budget and other speeches he has made over the last two or three years.

I want to refer to this amendment because I think it is significant and goes to the root of the issue that confronts us. This was the amendment that I moved at that time in relation to the medicare bill, as reported on page 7575 of *Hansard* for July 12, 1966:

> The said act shall not come into operation until such time as the Economic Council of Canada has made a report to parliament and to the government as to the relative priority in terms of time and capital to be assigned to present and proposed social welfare programs and such other measures as are required to develop productive capacity to provide for these and other requirements of the people, the said report to be made by July 1, 1967.

● (4:50 p.m.)

The government opposed it. The Minister of National Health and Welfare (Mr. MacEachen) rose on a point of order. When I was speaking I had proposed to the government that if the amendment were not in order I would modify it. To my mind the principle was very important and I thought the government ought to adopt it. The principle I had in mind was that of not leaving certain matters entirely to the political leaders of this country. I was not referring so much to the question of decisions because obviously in the final analysis the government leaders must make decisions. I thought that, at least, they ought to receive advice from independent sources on the question of priority. The government rejected that view and nothing more was done.

Now we come to the fourth annual review of the Economic Council of Canada. It is interesting to read in that report of matters that relate to the amendment I moved on behalf of this party almost one and a half years ago having to do with priorities. Time will not permit me to read everything but here is an extract from page 260 of the report:

[Mr. Baldwin.]

> Total expenditures by federal, provincial and municipal governments for all purposes, including transfer payments, were equivalent to about one-third of the total output of goods and services in the economy from 1960 to 1965. Towards the end of 1965, however, just when the private economy was reaching full capacity, the increase in government expenditures accelerated sharply, and the rate of increase in 1967 would appear to be continuing well above that of the early 1960's.

Again:

> —total government expenditures at all levels of government rose by about 25 per cent in the United States and about 35 per cent in Canada. Total non-defence government expenditures now represent nearly 30 per cent of gross national product in Canada, but only about 20 per cent in the United States—

Remember that the United States is fighting a war. Again, on page 261 we find these words:

> —the accelerated increase in government spending in 1966 and 1967 is outpacing the growth of government revenues at existing tax levels. This necessarily raises troublesome questions about the possibility of increases in tax levels—perhaps of major dimensions if the present very high rate of increase in government spending continues—and of sharper conflicts in competing claims for the use of resources. Such conflicts could lead to sharp rises in prices and costs.

I continue from page 263:

> Systematic review must also be extended to the initiation or enlargement of government spending programs in a timely and orderly way.

This part of the annual review is filled with other, similar references. No government dares to neglect or ignore the sensible comments in the fourth annual review of the Economic Council. This report goes into greater detail than before with regard to similar proposals to be found in earlier reports of the Economic Council.

It is not enough to ask, "Well, which of these welfare programs would you abandon, which ones would you not accelerate?" More than that is involved. The proposals which I made in 1966, which the Economic Council makes, which members of this party have been making for some time and which distinguished Canadians like hon. Mr. Roblin, the premier of Manitoba, have been making have to do with the question of priorities. It is not only a matter of priorities as between welfare programs. What about priorities with regard to funds which could be properly deflected toward increasing our capacity to produce goods and wealth? Out of that wealth, out of the increased production, we can pay for these benefits.

This is the sort of thing which every small businessman and farmer has to contend with. When a farmer harvests his grain, when a businessman looks at his year-end statement, he asks: How much money shall I put into a new house, how much shall I plow back into the business or farm? It is important for the government to think this way.

Taxes and appropriations do not create wealth; they redistribute it. The only way to create wealth is by the application of labour to natural resources. That is what the government ought to have looked at for a long time. We can point to the record of the previous government in projects such as roads to resources program. We can point to the imaginative proposal—vocational training schools—which was advanced by the hon. member who is now acting leader of this party and was then the minister of labour. We can also point to one of the brightest jewels in our party's diadem, our party's contribution to national development, the Pine Point Railway. It was brought about in the face of bitter obstruction from the then opposition which now forms the government. Projects such as these create wealth. This project created a great increase in national wealth at no real cost to people.

One fault which can be attributed to this government is its refusal to recognize and deal with this aspect of the use of our national income.

Mr. Sharp: No government has done more for education than this one has, and education is most important.

Mr. Baldwin: We have heard the minister already, Mr. Speaker. No doubt we shall hear from him again. The charge I have levelled at the government will hardly be met by extraneous observations of this kind.

I really enjoyed the words the minister used in his defence. He said that we must manage prosperity; earlier he had said that we must pace the economy. I delight in these words. As I recognize them, they amount to an admission by the government that we have a serious problem of inflation and we must try to do something about it. I go along with the minister on that score.

The minister's speech yesterday, in which he tried to defend his policies, reminded me of the surgeon who after an operation talks to his colleagues and says: "Yes, the operation was a tremendous success, it was highly technical, everything was fine, but the unfortunate patient died." That was the type of defence the minister offered us yesterday.

The government is flustered and annoyed by the criticisms. It counters by saying, "Well, what would you do if you were us" or "why did you vote for such and such a project?" That is not germane at this time. The government sought for and secured from the people of this country the power to govern. It must govern. The collective conduct of the government is always a legitimate issue because it involves the assessment to be made by the public as to the government's fitness to carry on governing. That fitness is to be decided at an election.

I know that the position is difficult. The options open to the government have now narrowed. Perhaps I might make one parting statement in this regard. The government's actions might be compared to those of the captain of a fishing schooner. As you will notice, Mr. Speaker, this party has taken on a somewhat more nautical aspect in the last few weeks. I am speaking of the captain of a fishing schooner who, in the face of radio warnings of storms, in the face of storm signals, nevertheless insists on taking his ship out to sea. When he is caught in a hurricane he whines, whimpers, wrings his hands and says: "What are we to do?" That is the position of the government today. Of course, the captain can lighten his vessel and trim his cargo. He may do a number of things.

• (5:00 p.m.)

I must say something about these things because I believe hon. members are very disturbed by the statement made by the minister yesterday, which appeared to constitute a warning that steps would be taken to increase taxation or otherwise to affect a cooling off in the economy. This holds out the spectre of artificially created unemployment as a means of relief from the difficulties in which we find ourselves. I reject such a proposal. While it is true that the Economic Council of Canada did not approve the use of guide lines too strongly, may I point out that its comments in this regard were contained in the third annual review published in November, 1966, almost a year ago. To condense what was said in the report I point out that, the council suggested there were a number of measures which might be adopted. It did not urge the placing of too great reliance upon an incomes policy or a guide lines policy, under normal conditions, though it made it plain that if conditions continued to worsen it might be necessary to adopt such a course. Chapter 5 of the review issued in 1966 contained a number of proposals connected with

monetary and fiscal policy, the possibility of using an incomes policy, and so on. A number of alternatives are indicated.

As I consider the government's actions, I do not think much has been done in the field of guide lines. I would refer hon. members to page 43 of the fourth annual review where the Economic Council had this to say—and I am sure that in making this statement the council intended it to be taken in conjunction with what had been said in the third report with regard to guide lines. I quote:

> There is a clear possibility that strong underlying private demand pressures, accompanied by rapidly rising government expenditures, may exceed the capacity of the economy to accommodate them, and thus result in unacceptably high price and cost pressures over the medium-term future. This possibility is one which requires special attention in the present circumstances.

I suggest this is a direct invitation to the government to consider, among other proposals, the question of guide lines at this time. I know this presents a difficulty for hon. gentlemen opposite. I addressed a question today to the President of the Treasury Board (Mr. Benson) with regard to the implementation of the proposals made by the Glassco royal commission. If my arithmetic is right, there are still almost 120 recommendations of that commission which have yet to be implemented.

The commission made its report four and a half years ago. The recommendations were in the hands of the government when it took office in 1963. I think it is a sad story when we are told after all these years that 120 of its recommendations still remain to be implemented. How is it possible for the Minister of Finance, in the face of the figures I have quoted from the reports of the Bank of Canada and the Economic Council, to meet with labour and industry—

The Acting Speaker (Mr. Tardif): Order. I regret to interrupt the hon. member but the time allotted to him has expired. Does the house give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Baldwin: Thank you. I assure the house that I will not abuse the generosity shown to me.

The position of the government is almost impossible in the light of its record with regard to government expenditures and its refusal to put into effect the proposals suggested in the Glassco report.

Mr. Sharp: The hon. gentleman knows that is not so.

[Mr. Baldwin.]

Mr. Baldwin: My arithmetic is based on the statement made by the Auditor General. Since his report that 151 of the proposals had not been implemented, 29 have been brought in. However, the minister can deal with this question later if he wishes to do so.

The credibility gap remains wide so far as the government is concerned. It is a form of hypocrisy—I use the word in its political sense—or at best it is colossal gall for the minister to go to the representatives of labour and industry and say: We want you to observe restraint despite our own bad conduct in the past. As far as I am concerned, I will attempt to do whatever has to be done to meet the serious situation which is upon us. I say this with regard to the proposals which the government may bring down.

Before I resume my seat I should like to refer briefly to the subamendment moved by the New Democratic party. I find it difficult to support, despite my sympathy for some of its objectives. In the first place, it is framed in such a way as to make it impossible for our own amendment to be considered. Again, the government has made it clear that it is intended, after briefs have been received, to bring down a white paper and initiate a course of conduct which will permit full and unabridged discussion of all the Carter commission recommendations affecting every aspect of taxation. I think that at this stage it would be premature to take such a position as the N.D.P. recommends.

Our attitude toward other matters dealt with in the subamendment has been made clear on other occasions. On the whole it seems to represent a piecemeal approach to our problems and one which I cannot support. For these reasons I intend to vote against the subamendment when it comes before us for consideration.

• (5:10 p.m.)

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I am pleased to have the opportunity to take part in the debate on the budget.

At the outset, may I say that a budget must necessarily either balance or tip over. The more we advance, the more we apply the principles of our present-day economy, the more we throw our budget out of balance. The more we grant salary increases, the more we levy taxes; the more we increase the rate of interest, the more we unbalance the budget and our economy, and the more we increase the cost of living. The more the cost of living

increases, the more the value of the dollar goes down. It is said that the value of the dollar should be brought back to par, and all the rest. When will the value of the dollar return to par, if we keep on running the administration of the country like at the present time?

Mr. Speaker, it is a pity to see and hear the Minister of Finance of Canada (Mr. Sharp) declaring in the face of Canada and the whole world his professional incompetence.

The minister admits his incapacity to deal with the present problem, although it is easy to solve. If the amendments to the Bank Act which were proposed at the previous session had been passed, the budget would now be balanced; Canada's debt would be repaid within 10 years, everybody's taxes would be reduced by 50 per cent. I can prove it. As a matter of fact, I did it before.

So, our memorable centennial year is marred by the greatest administrative failure, in the second most prosperous country of the world. Is it not said that Canada is the most prosperous country after the United States? If we are that prosperous, how is it that we are unable to balance our budget? Why are we unable to stop the rise in the cost of living and the devaluation of our dollar? Why? If war broke out tomorrow morning, the minister would find solutions to all the problems.

I would like to speak less harshly to the minister, but, as a taxpayer and a member of this house it is my duty to tell him things which I do not like to say. However, these are actual facts that must be pointed out. The world fair in Montreal simply showed, for all the world to see, the inability of our Minister of Finance to make at least a coherent speech, to provide logical explanations and to refute the illogicality of our financial situation, as reflected by increased production, continuing progressive deficits, a tremendous and fantastic capitalization, envied throughout the world but also by perpetual debts and deficits within the administration and at all levels of government. The accounts of the provincial governments, municipalities and school boards show large deficits—a really shameful situation in a country such as Canada.

The profits made by large companies are increasing, there are even cases of a capitalization of $20 billion on a $62 billion production, and yet it is impossible to balance the budget of the country. It is impossible to give some encouragement to these who lack the very necessities of life and get deeper and deeper in debt because of their inadequate income.

The higher the taxes, the smaller the purchasing power of the taxpayers, who then find it increasingly difficult to make an honest living in a country overflowing with wealth.

When the government must refund $350 million worth of old debts at 3¾ per cent, it can find nothing better to do than to borrow the same amounts anew at 6 per cent, that is to cause a 60 per cent increase over a period of 26 years. Shame. Curses. The mind flounders. Unspeakable behaviour or misconduct on the part of a human being who bears the title of Minister of Finance.

"Let us make man in Our image, after Our likeness", said the Great Master on the first page of the Bible. It was certainly not the face of the Finance Minister of Canada which He saw then in His divine wisdom.

Indeed, Mr. Speaker, God's administration shows better balance and more majesty. The sun, the moon, the stars, the earth, the rivers, the oceans, all that runs better than the words of the Minister of Finance when he mutters his undecipherable labyrinths of economic theories that seem learned because they are incomprehensible.

The minister will not stoop to the present system. He does not want to understand the simplicity of the system; he prefers to understand complexity and try to understand whatever is complex or unsoluble.

The people are aware of the failure, of the administrative failure of our governments. And I say that for the Conservatives as well as for the Liberals, because when the Conservatives were in office, they did nothing else than redeem bonds at 2, 3, 4, 4¼ and 5 per cent. Increasing high finance, making the rich wealthier and the poor poorer, the Conservatives did that as much as the Liberals. Whichever party, there is no difference at all. We are facing the same situation and the same problem when the government changes, the only thing that is done is to change the driver. The car is worn out and should be replaced; but instead of changing it for a new model, the driver only is replaced. Nothing more is done.

What will the new Leader of the Opposition do in the present situation with our pile of debts and deficits, with an upside down, unbalanced budget and economy? There is

nothing more to understand in that economy. What will he do about all those things?

It is said that a change of political party will change all that. The whole system needs changing, Mr. Speaker, and to change it the Liberals and the Conservatives must get it into their heads that they must deal with the problem. To solve it, there is no other way than grappling with it and overcoming it.

We pay $3,600,000 for a royal inquiry on taxation, we receive a 2,600 page report where it is shown that large corporations must be taxed at the same rates as individuals. But the Minister of Finance prefers to listen to the bankers, manufacturers and brokers associations as well as the chambers of commerce, which utter their unanimous objection to the conclusions of the Carter report. Should the people come and ask the minister to support and implement the decisions contained in the Carter report, he would turn his back on them and pretend not to hear. Carry on, great learned gentlemen, but remember that the Lord is watching you and that the people see you.

Deficits, unbalance, mismanagement, shame before the world, all that does not affect us any more. Our friends pile up billions, no kidding, more than $20 billion in capitalization on $62 billion in production during the year 1967. Therefore, who piles up those billions out of the people's poverty? No one else but the directors of 800 large corporations who make more than $1 million every year in declared profits.

• (5:20 p.m.)

Why such surpluses and profits on the one hand and such deficits and debts on the other? There is only one possible answer, that is the Minister of Finance is incompetent or an accomplice, clumsy or dishonest. He can choose the qualification which he prefers since he chooses the means available to balance the Canadian budget and distribute the benefits of the national economy taking into account the individuals, families and companies, the income, expenses and profits, taxes and reserves, employers, employees and private citizens, factories, shops and kitchens, capital, labour and the right of citizens who have no capital and no employment.

The Minister of Finance no longer deserves any indulgence, because he is responsible for the situation. He is responsible for everything that is done within the government because he runs the government. He is responsible for the resulting damage and he is guilty of pursuing a fiscal policy which is leading us to final disaster, when he could prevent it.

May I have the attention of the house for one moment? Can any of the 265 members or ministers of the crown consider the following facts with unconcern?

In Montreal, workers earning $8,000 are asking for $11,000: flat refusal; strike. In Quebec city, professionals earning $32,000 are asking for $44,000. Refusal, strike. In Ottawa, capitalists making profits of $37,500 are asking for $60,000: full agreement without any discussion and automatic extension for 26 years, if you please. And that is the renewal of the loan of $225 million, that was granted over and above the other one for $235 million.

Yes, Mr. Speaker, one million dollars at 3¾ per cent; that is $37,500, but at 6 per cent, it represents $60,000. Therefore, our Canadian millionaires who already made $37,500 a year on each million dollars loaned to the government of the people will now get $60,000 for that same million, without doing a stitch more work.

That is where the Minister of Finance should look and see, and act by applying sanctions. Go ahead. You represent the people. The people can just as well pay $60,000 as $37,500 to its millionaires. But, who pays for elections, publicity, university professors, speech writers, perhaps even the speeches of the Minister of Finance?

If a good bus driver asks for $3,000 more, he is roundly denounced, and if a professional asks for an increase of $12,000, the outcry is somewhat smaller, but if a millionaire asks for an increase of $22,500, the Minister of Finance immediately gives in with an elegant smile and hands over the gift quietly, without anybody knowing about it. Millionaires must not be exposed to the misinterpretations of the people, their newspapermen, trade-unionists and other defenders.

If there is such disparity in the treatment of the classes of our society, the trade-unionists who make $8,000, the professionals who earn $32,000, the capitalists whose $37,500 are suddenly increased to $60,000, we should also think of the other citizens who pay unemployment insurance and earn less than $5,400 a year, not enough to pay income tax, or who do not earn any income at all but who must

nevertheless pay taxes in order to take care of the interest on the $28 billion debt which the government must pay, stuck as it is with such a Minister of Finance. Not only the present Minister of Finance but all before him have been that way. None of them has ever balanced the budget for years and years. No other solution has been found, no other means than building up masses of deficits and increasing the debt of the people and impoverishing the population, thus reducing the purchasing power of the citizens.

Do you want more follies due to our Canadian finance ministers? One thing should be recalled in this abnormal situation of our finances. We have lost control and we do not wish to take it back because we do not have it yet on our shoulders. We do not have it yet in our minds, that control of the country. But it is still time to get it back. There is still time to take it back and follow the right path. Let us aim properly and not miss the mark.

Mr. Speaker, no purpose is served by speaking any longer in the house. I am simply asking the Minister of Finance to grant me a private interview. I will meet him with pleasure. I will give him face to face the explanations. I know it would be profitable to him and that he would be satisfied just like the Canadian people.

Pending his invitation, in view of the uneasiness indicated by strikes, by inflation, by the deficits of our public administrations, in view of the increase of interest rates, the increase in workers' wages and the increase in government taxes which all contribute to the increased prices and higher cost of living even for those who have no income, no work and no capital, I would recommend that you read over the speech I made on September 9, 1966, at the time of the C.N.R. employees' strike, a strike which necessitated a special session of parliament last year. Look over also my speech of February 15, 1967, in this House of Commons on inflation of capital and deflation of purchasing power for more than half of our working population. Look over again the brief I submitted to the banking committee on October 25, 1966, which was officially delivered only on March 16, 1967 in the 53rd and last issue of the reports of the committee on finance, trade and economic affairs.

These three public and official documents by themselves represent an over-all view of our economic situation, of the main uneasiness, of the major imbalance between the various elements of our national economy and simultaneously indicate efficient means to set things right rapidly without interfering with the basic structure of our monetary, economic or political institutions.

If it is recognized that the conventional and orthodox fashion of carrying out our public affairs has led Canada to a disastrous situation, as stated by the Minister of Finance it certainly proves Canada's economy must be considered anew.

Instead of always favouring the financial tycoons or the members of our powerful unions, some day or other, and the sooner the better, we will at least have to consider our economy, not in the light of capital and labour but also and above all, in the light of the needs of the many citizens who have no income, no work and no money.

The minister and the hon. members know that, in Canada, one third of our people who are able-bodied, live on social welfare at the expense of their fellow citizens. It is like robbing Peter to support Paul. And this has reached such a point that those who are working, have so many deductions from their salary that they are no better off than those on relief.

• (5:30 p.m.)

So, Canadian people get discouraged, and this explains why there is so much dissatisfaction in Canada. As you know, raising salaries and the cost of living does not solve the problem. It is also well known that unions look out for themselves by demanding all kinds of salary increases, but this only raises the cost of living. The problem is never solved. As time goes by, things become increasingly difficult for others who do not belong to unions, who are unemployed. As you know, there are 7 million workers in Canada. Of this number, there are close to 2,400,000 people, I think, who do not earn enough money to pay income tax.

So, Mr. Speaker, the situation is more than critical. Those who pay income tax are a minority; in brief, it is always the low income workers who put money in the pockets of people in the higher brackets.

Indeed, every increase in interest rates, that is allowed benefits the big fellow at the expense of the little fellow. That is the kind of government we have, the kind we always had, because we never had any men who

really worked for the people. We represent the financial community, of course, but we also represent the rank and file. This we should never forget, although we unfortunately have forgotten it in the past. This is the main difference between the new approach in regard to the management of our present and future economy and the old approach, the conventional and orthodox method which has put us in a most disastrous situation.

This is not the time to panic. Pretending that nothing can be done would not get us anywhere. Let us think this way: our methods have been good and efficient for many years and in much more difficult times, but today they are obsolete, out of date. They must of necessity be renewed, adapted to the new circumstances, transposed to the new economy which is obviously required.

Instead of remaining bogged down in our old thoughts, our old methods, our old customs, let us adopt a new methods of distribution which will meet the essential needs of each and every family in Canada, on the basis of our actual superabundant production, even if the yearly rate of growth of our national capitalization has to be somewhat reduced.

All our economists, engineers and advisers have long enough emphasized productivity, capitalization, financial, commercial and industrial concentration; the time has now come to balance all those achievements against the needs of people who cannot enjoy them, who cannot participate in them, simply because the methods used in the distribution of the purchasing power have remained tied to the old techniques of capital and labour, which suit only 7,400,000 citizens and ignore the 13 other millions dependent upon our total population of 20,400,000 Canadians who have the right to live.

Now, Mr. Speaker, I should like to read again at this stage a small portion of the speech made by the hon. Minister of Finance and Receiver General (Mr. Sharp), which can be found on page 2731 of *Hansard*, and I quote:

> I am concerned about these high interest rates. I regret very much that interest rates have had to rise. They have been rising throughout the western world. They have been rising in industrialized countries and in the underdeveloped countries of the world. As I said in my statement on motions today, last week I was in Rio. There, I had the opportunity to meet all the ministers of finance of the world. We met many times in large groups and in small groups. One of the main problems we discussed was the problem of interest rates. As I said jokingly to one of my friends today, it was pleasant to meet with ministers of finance from around the world because at least we could console one another. We looked at this problem; we examined it carefully and at length for a week. There was not one of us who could come up with an easy or early solution to the problem of high interest rates.

But I think that the minister had forgotten to take a Creditist along.

Now then, it is impossible to argue, it is impossible to go on with a system such as that which rules the country at the moment. I said, right in the beginning, that it should either balance or tip over. Well, it is about to tip over since every step taken by the Minister of Finance is helping to make our economy tip over.

When our economy tips over, it will be hard to set it back on an even keel and I wonder if it is the present minister who will have the courage to do so.

Now, why criticize and denounce the present financial system? Because it falls short of its aim, because it does not fulfill its purpose.

The purpose of the financial system, Mr. Speaker, is to finance the production and the distribution of goods to meet the needs. When it does that, the financial system discharges its responsibility, it plays its part; otherwise, it does not play its part, it does something else, in short it is out of character.

Well, the present financial system is out of character it does not perform its function, it does not reach the goals and purposes that it should. It does not reach its objective because there are public and private goods required by the people which it would be physically possible to supply but for the financial system's inability to finance production. On the other hand, there are goods to be provided to needy persons or families who are unable to have them, because the financial system does not finance consumption. Production is inadequately financed and consumption is still less financed because the consumer is denied his purchasing power.

Each time investments and all those related matters are mentioned, it is stated that we must obtain foreign capital, because Canadians do not have the necessary capital. Why, Mr. Speaker, do Canadians not have the required capital to invest in Canada, to develop our economy? Because the Minister of

Finance is overburdening them with taxes, and afterwards, the federal, provincial and municipal governments, as well as the school boards sell bonds and get hold of the money of those who have succeeded in making some savings. There is nothing left for private enterprise, then; yet, that is where there are shortcomings in our economy. That is where they do not see that there is something to be done, that they refuse to assume their responsibilities.

There are heavy responsibilities to be assumed. It is unfortunate that there are so few members in the house because I have many things to say. I shall, however, limit myself because I have spoken enough and because the Minister of Finance knows what to do. If he does not do it, it is because he does not want to do it or because he is so well bound that he cannot budge. There is something wrong somewhere. If he is bound, well, let us free him. It is up to us to free him.

Mr. Speaker, we should have financial credit. We should be able to finance all our production, and also every citizen who benefits from social welfare allowances—at least a third of the population is either idle or unproductive—should be put to work so as to contribute to production. In spite of the fact that many of our fellow citizens live at the expense of the others, thanks to social welfare—which means that they do not produce —we managed to reach, in 1967, a total production of $62 billion. We capitalized $20 billion and also a large percentage of the income—I had it here somewhere—with a $62 billion production—

• (5:40 p.m.)

The Acting Speaker (Mr. Tardif): Order! I am sorry to interrupt the hon. member but his time has now expired.

Mr. Latullipe: I will come back later, Mr. Chairman, for I do not want to take other member's time—

The Acting Speaker (Mr. Tardif): Does the house give unanimous consent to allow the hon. member to continue?

Some hon. Members: Agreed.

Mr. Latulippe: Mr. Speaker, I will not speak much longer because I want to give other members an opportunity to speak. If we grant additional time to all members, some who have something to say will not have any time to speak. Therefore, I will conclude my comments by telling the minister, once again, to look, listen and face the situation, and bring forth reasonable solutions, which will be good for the people, in short solutions which would enable our people to live decently, reasonably, and to develop fully in a country bursting with riches. The things we are now facing are unacceptable and people will realize it some day.

Mr. Georges C. Lachance (Lafontaine): Mr. Speaker, we have resumed consideration of the budget debate, interrupted June 6 last and, more especially, of the motion of the hon. Minister of Finance (Mr. Sharp) for the house to go into committee of ways and means.

After this motion, the official opposition moved an amendment which reads as follows:

> That all the words after "That" be struck out and the following substituted therefor:
> "this government has failed miserably to set an example of responsibility by its refusal to reduce taxation, by its reckless increase in governmental expenditures, thus contributing to the steadily rising cost of production to the great detriment of the Canadian economy and to the sharp increase in the cost of living, already overburdensome to the Canadian people."

Furthermore, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) moved the following amendment to the amendment:

> That the amendment be amended by deleting therefrom all the words between the word "taxation" and the words "the sharp increase" and by substituting therefor the following words:
> "particularly its failure to revise the income tax structure so that a married couple with an annual income of $4,000 or less would not be subject to tax; its failure to remove the sales tax from building materials and supplies used in housing construction; and its failure to take any steps to deal with"

The end of the main amendment follows.

Yesterday, the Minister of Finance gave the house a summary of our economic situation as he sees it, followed by an outline of the revenue and expenditures and, finally, by a few remarks about the changes in the tariff rates brought about by the Kennedy round and many other matters.

The minister underlined satisfactory economic prospects with regard to employment and our balance of payments and he indicated also a strong demand in exports and consumer goods. All in all, the future was not cloudless but quite good, taking into account the increasing trend in prices and the cost of living.

The minister also told us that the most important problem was to manage our prosperity and that he did not anticipate a future

reversal of the trend towards progress in our economy.

He implied that production was increasing at a normal rate of approximately 7 per cent and that we are succeeding fairly well in changing from the system of accelerated expansion of last year to the more reasonable rate of growth which has recently become noticeable.

I do not intend to summarize the minister's statement, but I wish to stress his intellectual honesty and his frankness.

However, I read with anguish recently that the Vietnam war is giving rise to an international financial situation that cannot but concern us. That is why the government must unite with all other countries to try and restore peace in that part of the world.

Of course, restoring peace is not the only reason, but it is an excellent one in the framework of our present discussion.

The hon. minister endeavours to prove and suggest that the government is reducing the expenditures planned for the coming year.

I agree with this, but I favour above all the planning of priorities in expenditures. I should like to stress the importance of a few of these. I shall not give them in order of priority, but just mention them as they occur to me. To my mind, they are all important and deserve priority.

For instance, the extrapolation of Expo could be on the part of the rest of Canada, a gesture of friendliness and confidence toward the province of Quebec. There is no need to underline the outstanding success that celebration has had on the occasion of the centennial of confederation, but it is now coming to an end. Studies have been made on the future possibilities of Expo, and each and every one of us may have personal ideas on what uses it could be put to.

I feel that, in connection with reducing expenditures, priority should be given to the future of Expo, whether it is used for educational purposes—which I would favour—or touristic or any other purpose.

I trust the federal government, as it has done in the past for that demonstration, will continue to give its whole-hearted support.

To my mind, Mr. Speaker, priority should also be given to reform of our penal institutions and our judiciary system in Canada, so that we might solve rapidly the problem of rehabilitation of those who must pay their debt to society.

I have had the opportunity of discussing this matter several times in the house; it is one of my favourite topics.

• (5:50 p.m.)

Although the matter has been tossed around for a few years, I must say I still do not see being taken by the government in this area, legislative action of the kind that would provide for the suppression of criminal records, for instance, or the development of a rehabilitation agency for ex-convicts that would promote planned training in our penitentiaries and see that all civil service doors, be they federal, provincial or municipal, are eventually open to released convicts; in short, a humane penal reform that goes beyond prison stone walls.

There is another priority matter which could, I hope, avoid the steam-roller; I mean the field of education and manpower retraining.

Our economy being in progress, technology has been so perfected that it surpasses intelligence, perhaps not intelligence so much as the knowledge we have of the effects of technology; and there should be action for fuller integration of human activities, science and machinery.

To permit such an integration of technology and manpower, I think all possible means of education and manpower retraining should be promoted.

I must admit that the government has made some progress in that field, that legislation has been brought down, but it is essential that such legislation be pushed to the highest degree.

Generally speaking, there is also a whole educational project. The Canadian people have a high standard of living and the choice of education—

Mr. Latulippe: It is all on credit!

Mr. Lachance: It may be on credit but it is based on the credit and the value of the Canadian potential, generally speaking, any educational project.

I am keeping for the end of this list, Mr. Speaker, the most complex problem of federal-provincial relations. A better distribution of jurisdiction in the tax field would be a powerful lever to solve our constitutional problems.

Mr. Speaker, on June 3 last, I had the opportunity of speaking before an audience which was not only particularly interesting but also interested in these problems of federal-provincial relations. It was at the closing

banquet of the second centennial of the Collège de Montréal at the Windsor Hotel.

I will spare the house the preliminary observations and come to some ideas I expressed at that time on the state of federal-provincial relations and the allocation of jurisdiction.

I said amongst other things:

> The evolution of the human race and the new needs created by scientific progress require us to reassess our teaching methods and adapt them to the new needs. Personally, I am just as much in favour of eventual constitutional reforms to meet the new needs and the legitimate aspirations of the new generation.
>
> Some are against too drastic constitutional changes and prefer a slow but progressive evolution; others are more in favour of a special status for all the provinces, which some are loudly requesting at least for the province of Quebec.
>
> Personally, I believe that a careful study of the present political situation, of our constitutional documents and of our present and future needs will show the necessity of making some major changes both in the spirit and in the letter of our Canadian constitution.
>
> After a hundred years, it is undeniable that the province of Quebec has become the fatherland of French Canadians and that, on that basis, it must give to all its French-speaking citizens the best possible means of subsistence and development, without forgetting, nevertheless, that other French-speaking Canadians are scattered throughout Canada—
>
> But after a hundred years, it is undeniable that it would be in the interest of the provincial and federal governments to reappraise and amend certain powers deriving from their respective jurisdiction to meet the economic and cultural needs of Canadians.
>
> In short, it could be in the interest of the provinces to surrender to the central government, partly or entirely, temporarily or permanently, certain powers deriving from their exclusive jurisdiction and the same could apply to the central government with respect to the provinces.

And that is why, Mr. Speaker, I stressed as a priority problem federal-provincial relations with regard to the transfer of fiscal jurisdiction or of some jurisdiction, in part or in full, temporarily or permanently. I take, for instance, the problem of securities, of the various securities commissions. A hundred years ago, that sector of our economy was almost non-existent, and today, the exchange of securities is of capital importance.

The matter comes under provincial jurisdiction but, in my opinion, it should at least be under national jurisdiction or be considered on a national, if not federal, basis.

That is one example to prove how antiquated our constitution is and how much it needs to be amended, although that does not mean it must be completely changed from A to Z.

Now, Mr. Speaker, there is the problem resulting from the Kennedy round of negotiations. In one of the first speeches I made in the house in the spring of 1964, I expressed interest in the Kennedy round of negotiations which were to begin in the near future.

I greatly favour free trade and, in respect of the Kennedy negotiations, it would be interesting to read what the Economic Council of Canada has to say in its fourth annual review, a copy of which we have received only a few days ago.

I do not want to quote too long an excerpt but on page 252, here is what it says:

> Canadians should derive great benefits from the widespread reduction of trade barriers as these tariff changes are implemented over the next several years.

I would suggest—I know that the hon. members of this house will agree—that this part dealing with the Kennedy round of tariff negotiations is interesting.

The hon. member for Peace River (Mr. Baldwin) quoted from it—

[*English*]

The Acting Speaker (Mr. Tardif): Order. It being six o'clock the sitting stands suspended until eight o'clock p.m. this day.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

[*Translation*]

Mr. Lachance: Mr. Speaker, I need only a few moments to complete the remarks I was making when the house took recess at six o'clock.

I greatly enjoyed the speech made here by the hon. member for Peace River (Mr. Baldwin). However, I cannot agree fully with his criticism of the speech of the Minister of Finance and especially when he quoted extracts from the fourth annual review of the Economic Council of Canada. On the contrary, I congratulate the Minister of Finance for having to a large extent drawn inspiration, and rightly so, from the conclusions of this report.

In conclusion, Mr. Speaker, so far as the amendment to the amendment moved by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Colin Cameron) is concerned, I must say that, in my opinion we should study the Carter report and also await the government's white paper before taking a decision

concerning the income tax structure and especially tax exemptions for married couples having an annual income of $4,000 or less, and that is the least that can be said.

As for the amendment moved by the Conservative party, well, the criticism does not seem serious enough to me to warrant a non-confidence motion against the government.

[*English*]

Hon. E. D. Fulton (Kamloops): Mr. Speaker, at this stage in the budget debate I am quite sure that you and all members of the house would agree that the core of our discussion is and must be the problem of inflation, the constant increase in the cost of living, the constant erosion of the standard of living of Canadians which follows from that increase in the cost of living and inflation, and therefore the question of what to do about this problem. What can we do in the House of Commons and what can the government, which is responsible to the House of Commons, be expected and asked to do about these problems?

It is in this spirit that I should like to approach these problems; a spirit that does not minimize their seriousness, that does not minimize the difficulty of dealing with them but, on the other hand, does not excuse the government for its failures to deal with them. In this approach we, on our side, do not go so far as to say that the government can provide all the answers and solve all the problems; nor do we go so far as to say that the government is entirely responsible for the situation which now presses so heavily on the Canadian people. Notwithstanding that approach, however, we do say, and I think it is the responsibility of this House of Commons to say this to the government, that the government should take a hard look at its own position and its own conduct to see the extent to which it has contributed to the problem. It should also take a hard look at its own position in order that it may come up with answers and courses which would lead it to refrain from actions that create or aggravate the trend toward inflation.

Second, we say that not only should the government take this hard look at its own position and its own responsibility but it should take the initiative and show leadership in suggesting and following up solutions to these problems. While we are, therefore, prepared to recognize the over-all importance and over-all necessity for co-operation in the search for solutions, we say that the government must accept its primary responsibility in the two fields I have referred to, namely, its own action in contributing to the situation and its own responsibility for suggesting solutions.

Looked at in this light I must say that the minister's speech of yesterday, his second budget resumé, his second rehearsal of the fiscal policies of the government, represents a serious disappointment on both the counts that I have mentioned. That is so, because, first, the minister failed to recognize and admit that government conduct has directly contributed to the forces of inflation, has directly fanned the fires of inflation; and second, because his speech failed entirely to suggest any effective remedies for the situation that the government was prepared to apply. In this context his speech amounted to nothing more than a moral exhortation, coupled with a threat, to others to do better than the minister and the government are prepared to do themselves. There was the threat that if they do not do better, "then we are to freeze the economy and create a large measure of unemployment."

It amounted to nothing more than a moral exhortation and threat which are the more unacceptable in that the government itself shows no readiness to adopt the prudent measures and restraints that it so piously suggests and urges on others.

Let me document my case, Mr. Speaker. I have said that the government is responsible, first, because it adopts and follows policies which fan the fires of inflation. I should like to give some concrete proof of what I have said. The government does this by its direct actions as well as by the example, the bad example, that it sets to industry, labour, and other parts of the Canadian economy.

• (8:10 p.m.)

As my first example, I draw attention to the imposition and retention of sales tax on building materials and production equipment. We on this side recognize that the government is bound to raise revenues with which to meet its proper responsibilities and that it must therefore impose taxes. But why choose a tax which is directly inflationary in its effects? This is what the country has been asking for months. Why impose a tax which must by its very nature contribute to increases in the cost of things which are bought and sold in Canada as well as in the cost of houses which are bought, rented and lived in by Canadians? There are other sources of revenue which are not so directly inflationary; indeed the use of these sources might

well have a contrary effect. The government adopted this tax because it was not prepared to be square and fair with the Canadian people. It thought it could conceal its actions by collecting indirectly what it was not prepared to collect directly. It therefore resorted to the most reprehensible and inflationary tax it could possibly conceive.

Second in the category of actions which have fanned the fires of inflation and set a bad example to others concerned with the management of business and economic affairs, I would cite the upward spiral of government spending and extravagance. For at least three years the government has been following a trend which can only be characterized as the proliferation of its departments and staffs in the most profligate manner. This proliferation produces no results in terms of increased productivity but it does produce important and damaging results in terms of unproductive spending.

I know the minister tells this house and the press and television audiences that he is slashing expenditures, applying the axe to the level of government spending and saving money. That is the impression he tries to give. Mr. Speaker, it is a joke. In the context of the seriousness of the situation I would say, even, that it is an attempt at a hoax on the Canadian people because it has become perfectly clear during the last two days, if it were not so before, that it is not with respect to current spending that the minister is applying the axe, but with respect to next year's spending proposals.

We all know that this review of future expenditure is an annual process. Every government reviews the estimates before they are presented to the house and suggests or insists to the departments, that spending proposals be reduced. That is why the Treasury Board exists. I am disappointed, if not surprised, that the Minister of Finance (Mr. Sharp) should elevate to the stature of a virtue something which is no more than his plain and simple duty.

The question is: what, if anything, has this minister done to reduce spending this year?

An hon. Member: What would you suggest?

Mr. Fulton: I would be interested to hear the hon. member answer his own question because I hope his answer will indicate the concern which the Canadian people expect him to show.

When the minister asks for our approval because he is planning to reduce the spending proposals which the departments have submitted for next year he reminds me of the man who says: I have just saved $10,000 because though I originally proposed to buy a Rolls Royce next year I have decided to buy a Ford instead. This is the measure of the minister's boasts about the savings he will effect next year.

The Minister of Finance should be cutting down expenditures this year. Instead, he is doing the opposite, and the government of which he is a member has been doing precisely the opposite by causing a proliferation of government departments and embarking on unnecessary and extravagant spending. It seems to me that every time hon. gentlemen opposite have a new idea they set up a new department. What the country would like to see is some co-ordination instead of all this proliferation.

Let me cite particular examples. I have in mind the Department of Industry and the three departments which are now doing the job formerly done by the Department of Justice. There are other examples I could give, including the Department of Manpower and Immigration and the Department of Labour and the relationship between them. However, I will deal with the examples I mentioned first as being prime examples of the point I am making.

Everything that is being done by the Department of Industry could well be done by a branch of the Department of Trade and Commerce. This parliament was told when the Department of Industry was set up that it would be taking over not only personnel from the Department of Trade and Commerce and the Department of Defence Production but that it would be carrying out functions which would otherwise fall to those two departments. It was explained that there would, therefore, be no increase in government spending but, rather, a degree of economy through increased efficiency resulting from the setting up of the new department.

Let us now examine the record in terms of personnel only—I am talking, now, only of departmental administration. One might have thought that if the Department of Industry were to take over the functions and personnel of other departments the spending of those other departments would have been reduced. Exactly the opposite has occurred. If hon. members look at the records in the blue books of estimates for the years concerned they will find that in 1963-64 when the Department of Industry was first set up it had an establishment of 274. In the estimates for

1967-68, the current estimates, the proposed establishment under departmental administration amounts to 783, an increase of 509, or nearly 200 per cent.

• (8:20 p.m.)

One might be inclined to say, if the personnel in other departments had gone down, this may be a justifiable measure. But unfortunately one finds that the absolutely opposite trend has taken place. In the same narrow category, departmental administration, you find Defence Production departmental administration personnel have increased from a total of 1,699 in the year 1963-64 to 3,684 in 1967-68, an increase of 1,985, or over 100 per cent.

Let us look also at the Department of Trade and Commerce. I can appreciate that trade involves external relations, but commerce I would have thought involved domestic problems, including domestic industry. Even the President of the Privy Council (Mr. Gordon) would agree that that is a reasonable assumption.

Mr. Gordon: May I ask my hon. friend what he said I would agree to?

Mr. Régimbal: Pay attention.

Mr. Gordon: I don't think he should put words in my mouth.

Mr. Fulton: I said the minister would agree with a reasonable assumption, but perhaps he doesn't because he is not reasonable.

Mr. Gordon: I was questioning the presumption.

Mr. Fulton: The presumption that you are reasonable?

Mr. Gordon: Your presumption.

Mr. Fulton: My assumption was that you would agree that commerce includes generally the field of domestic industry. If the minister disagrees with that perhaps he will make his case.

Personnel under departmental administration in the Department of Trade and Commerce in the same year, 1963-64, the year the Department of Industry was set up, totalled 514. That is increased this year to 812. In summary, one finds that Department of Industry personnel in that category have increased by some 200 per cent, and that the other departments' personnel have increased by over 100 per cent in the one case, and by about 60 per cent in the other. So, the total personnel involved as between the three departments, in departmental administration alone, has increased from 2,487 in the year when the Department of Industry was set up, to 5,279 in the current year's estimates, an increase of 2,792, or again over a 100 per cent increase.

If one looks at the spending figures for the Department of Industry alone, the department which we were told was going to coordinate activities, be efficient and not involve the country in greater extravagances, one finds that in the year 1964-65, the first year it really got under way, the figure given for its total spending was $25 million. In the next year, 1965-66, it was $36 million. In 1966-67 it was $51 million, and in the current year the estimated spending is $146 million, an increase of over five times, nearly six times, over the spending in the first year of the organization of that department.

One finds the same situation with respect to the division of the functions performed by the Department of Justice. Previously the Department of Justice in general terms, carried out responsibilities now assigned to three ministers, the Minister of Justice (Mr. Trudeau), the Solicitor General (Mr. Pennell), and the Registrar General (Mr. Turner).

Again if one looks at the record of personnel one finds the same trend. In the year immediately prior to the division of functions the Department of Justice had a total of 220 persons engaged in departmental administration. In the year following the division, 1966-67, according to the estimates for that year Department of Justice administration personnel went up to 245, the Registrar General had 82 in that category, and the Solicitor General with a modest beginning had seven. But in this year's estimates the Department of Justice total has gone up to 341, the Registrar General has 84 and the Solicitor General 28, so that from a beginning of 220 in 1965-66, when all these functions were performed by one department, we have at the present time 453 people engaged in departmental administration, again an increase of over 100 per cent.

This is the trend to which I refer when I say that the minister and his government have been following courses which directly contribute to inflation and completely disentitle the government to make these pious, moral exhortations to business and labour in Canada with respect to the courses they should be following.

The second area of disappointment, and therefore of justifiable criticism with respect

to the minister's speech and his omission to put forward a program, is the complete failure to suggest priorities, not only within the federal government program but also failure at any attempt to get agreement with the provinces with respect to priorities to be followed in the realm of government spending and government activity generally.

I say, sir, that the minister's whole approach is wrong. I refer, for instance, to his statement on Monday of this week that with respect to priorities it is not what you put at the top but what you drop off at the bottom which counts. This is a completely impossible approach, impossible in the sense of producing any realistic results because priorities require planning, and when you make a plan you don't ask first, "What is least important for me to do?" Rather, if your plan is to have realism you ask, "What is most important for me to do?"

I know that such planning takes not only courage but judgment. I do not accuse the minister of any lack of courage but I do accuse him of complete lack of judgment in this kind of approach to the problem of priorities and planning. His attitude, of course, is the reverse of positive—that we do not discuss first what is most important to do but rather we try to decide what is least important to do; and this is the typical attitude of the Liberal party—backing into the second century of Canada's history; in other words government in reverse.

Mr. Sharp: What would you drop off at the bottom?

Mr. Fulton: I would not be concerned at the outset with what should be dropped off at the bottom. I would be concerned to sit down with my own colleagues and see what are the real problems of confederation. Then, having obtained agreement on that point, I would be concerned to sit down with my colleagues in provincial governments and say, "Let us discuss what are the real problems of confederation that require action"—

Some hon. Members: Hear, hear.

Mr. Fulton: —action which is made impossible in so many spheres by the conduct of this government in loading on the top of the heap those things which do not have first priority.

Mr. Sharp: Such as old age pensions?

Mr. Fulton: I am coming to that in a moment. I am sorry the minister requires all this instruction. He obviously hasn't the first idea what are the top priorities in Canada today. That is his trouble. He has not addressed himself to that question. He wants to go to the bottom of the heap to see what we can strike off first. What a completely negative attitude for a so-called responsible government. The trouble here, Mr. Speaker, is that the minister has refused to face the question realistically. He has loaded, and has permitted the government to load, the statute books of Canada with unproductive and expensive programs,—

Mr. Sharp: Give us some examples.

Mr. Fulton: —so that he now has no leeway for the urgent needs of the country, the areas where provinces and municipalities are in urgent need of assistance. He refuses to face the question realistically.

Now I will answer the minister's question. Medicare is a case in point. The provinces are anxious to have a review not only of the timing of the medicare program but of certain basic aspects of the program forced on them by the federal government, aspects which have an important bearing on the cost of the program.

• (8:30 p.m.)

But last night on the television program "20 Million Questions" we saw the unfortunate spectacle of the minister backing and filling on the question of medicare, leaving his viewers filled with confusion not only concerning the proper position but also uncertain as to whether or not the minister had a view or position on it. I suggest to the Minister of Finance, as the minister primarily responsible for the setting of priorities and the working out of a sensible plan of spending, that he must review the whole question with the provinces, as they have requested, not only as to the date of implementation but also as to the basis of the program because the minister has committed himself, this parliament and this country, to an expenditure estimated at $450 million to implement it.

Mr. Sharp: Did you vote against it?

Mr. Fulton: The minister can read my speech about medicare in which I set out my views in opposition to the government. But there, in that question, is the same attitude I had in mind when I made my reference to the government backing into Canada's second century. It becomes reasonably apparent that it is a waste of time to talk about sensible programs of priority spending with this minister. I had hoped it would not be so, but this

is the sort of flippant attitude he takes. He tries to pretend that the responsibility belongs to the opposition instead of to the government. The minister knows that when a government brings forward a program it must take responsibility not only for the content but also for the timing of that program.

Mr. Sharp: We do; we did.

Mr. Fulton: Would the minister say that if we had voted against it that would have changed his position?

Mr. Sharp: No, you supported it.

Mr. Fulton: But I am not going to be drawn too far along that line. We moved a number of amendments to reduce the cost and to increase the reality of the medicare program. The government refused to accept those amendments. Now, the minister is trying to say that because we did not defeat the medicare program we have to accept responsibility for it. Is he afraid to accept responsibility?

Mr. Sharp: Mr. Speaker, I accept full responsibility.

Mr. Fulton: Then I suggest that instead of indulging in this kind of evasion of responsibility the minister should get together with his provincial counterparts and get down to the business of discussing how we can work out a real program of priorities. If the minister is not prepared to accept this responsibility, let him step aside with all his colleagues and we will be glad to take on the responsibility.

This, of course, brings me to the consideration of the action the minister has proposed. The suggestion contained in his speech was very limited and disappointing. After a lot of double talk about how much the government is doing to cut spending, after a lot of double talk about next year while actually he is doing nothing about reducing this year's inflationary deficit, he gives as his only substitute for real leadership a sort of moral exhortation to others to be prudent coupled with a threat of a deliberate freeze on the economy and the creation of unemployment if his moral generalizations do not work.

Now, as I have said, I believe we all are united in respect of the economic objectives in this country. We all want to achieve stability of prices and a high level of employment. We recognize that this problem of inflation and budgetary control is a serious problem; but we also recognize that it is a continuing problem in a modern society. It is not a new problem. We are a modern society. It is a problem which is inherent in a modern society and it should have been thought about before by this government. As a continuing problem, it is essential that we work out the techniques to deal with it.

I should like, accordingly, to couple some positive proposals with my criticisms. I should like to suggest, first of all, that budgetary and monetary planning, together with a real plan of priorities for spending, is necessary.

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member, but the time allotted for his speech has expired.

An hon. Member: Carry on.

The Acting Speaker (Mr. Rinfret): Is there unanimous consent that the hon. member continue with this speech?

Mr. Gordon: Mr. Speaker, I am sure we all would like the hon. member to continue, but I hope that he would not take very long because I should like an opportunity to reply to some of his comments before the division.

[*Translation*]

Mr. Mongrain: Mr. Speaker, on a question of privilege. I am awfully sorry to interrupt my hon. colleague, whom I hold in great esteem, but as an independent member I have not had my turn to speak yet and I would like to withold unanimous consent until we, the independents, have had the right to take part in the debate.

The Acting Speaker (Mr. Rinfret): Order. There is no need to justify unanimous consent. The hon. member may either agree or object to the hon. member for Kamloops (Mr. Fulton) speaking longer than 30 minutes.

Mr. Mongrain: I object to it, Mr. Speaker.

Mr. Grégoire: I do too, Mr. Speaker, because I have been waiting for five days to speak.

The Acting Speaker (Mr. Rinfret): Order. I would ask the hon. member for Lapointe to resume his seat. When the Speaker asks if there is unanimous consent, the hon. members answer only by yes or no; they are not required to state their reasons.

Therefore, I am asking the hon. members if they are giving unanimous consent in order that the hon. member for Kamloops may continue his remarks.

Mr. Grégoire: No.

Mr. Mongrain: No.

[*English*]

Mr. Fulton: No, Mr. Speaker; I have too much respect for the rules of the house, and I have been here too long to ask hon. members to extend time when there is any objection. I should have been able to conclude my remarks in the time provided although I think perhaps I was led off a little because of the interruptions. In any event, since there are so many others who wish to speak I do not wish to impose on my colleagues by asking for extra time.

Hon. Walter L. Gordon (President of the Privy Council): Mr. Speaker, I am sure I speak for most members of the house when I say that I wish it had been possible for the hon. member for Kamloops (Mr. Fulton) to continue his remarks for a reasonable time. He was saying things which certainly left some of us in a position where we felt we must reply.

I do not believe I have spoken in this house more than once or twice in the past 18 months.

An hon. Member: You have not been around.

Another hon. Member: You have been busy writing books.

Mr. Gordon: One cannot do everything. I shall come to that in a moment but before I do I should like to congratulate the hon. member for Kamloops for his effort and his performance during the recent convention of his party.

• (8:40 p.m.)

I think we all felt that he conducted himself in a way in which I hope all members would in similar circumstances. Naturally, he and his supporters were disappointed that he did not win, but I think he put up a very good show and I want to congratulate him for it.

Some hon. Members: Hear, hear.

Mr. Gordon: I hope the hon. member will forgive me if I do not continue in the same complimentary vein.

Mr. Fulton: I did not expect that you would.

Mr. Gordon: Quite frankly, Mr. Speaker, I was rather disappointed in the hon. member's speech. It seemed to me that he exaggerated out of all proportion the rather uncomfortable but obvious difficulties in the economic situation that we face at the present time. I should like to remind him and all hon. members that Canada faces only three major and really serious problems.

Mr. McCleave: We could solve one by having an election.

Mr. Gordon: I have never found that these side or snide remarks of the hon. member for Halifax (Mr. McCleave) are of a kind that really make much impression on anybody.

Mr. McCleave: Never snide, but always constructive.

Mr. Gordon: We have three serious problems which I think all Canadians recognize. The first is the problem of world peace. I cannot let this opportunity pass without complimenting my colleague, the Secretary of State for External Affairs (Mr. Martin), for his recent speech at the United Nations general assembly.

Some hon. Members: Hear, hear.

Mr. Gordon: On that occasion I think he said the things that are in the hearts and minds of all of us. We all know that no defence is really effective any more in this world except peace. If we kid ourselves that anything else will be effective, we are very foolish indeed.

We have a second problem that is perhaps closer to us here and we are very much aware of it. That is the question of the continuation of confederation and the unity of our country.

I am not at all convinced that it is helpful for people like myself from English speaking Canada to say too much about this question at the present time. I think we all have a sympathy and understanding of the difficulties through which our friends and colleagues from Quebec have been going. I think we have a much better appreciation now of some of the injustices from which our friends from Quebec have suffered. I think those of us who are not French speaking are fully determined that if we have the chance we want to rectify those injustices. But I believe we know that primarily these things must be settled and determined by our friends from the province of Quebec, and that the rest of us should be cautious, careful and moderate in our language.

Some hon. Members: Hear, hear.

Mr. Gordon: There may not be the same unanimity on the next question, but I think the great majority of Canadians feel that there is a third problem.

Mr. Fulton: The Liberal government.

Mr. Gordon: Let us not be silly.

Not only have we the problem of obtaining peace in the world in which we live, not only have we the problem of achieving unity within our country, but we also have the problem, living next door to the greatest nation in the world, of maintaining our own independence. Most of us in one way or another are searching for the solution to that problem. I hope that before very many months have passed, the government will be able to table a white paper which will at least provide a focus for debate about what should be done in this respect.

Apart from those three problems, if we are honest and fair, and if we really lift up our heads and think ahead, we must agree that this is the country with the greatest future of any country in the world.

Some hon. Members: Hear, hear.

Mr. Gordon: We have a tremendous potential and a terrific opportunity. If we indulge in too much petty squabbling over little problems, I think we will perhaps forget the real opportunities that we have. Those are some of the reasons, Mr. Speaker, for my mild disappointment in the speech of my hon. friend, for whom I have the greatest admiration. I think he exaggerated our present economic difficulties out of all perspective.

Mr. Fulton: I expected you to say that.

Mr. Gordon: It seemed to me that the hon. member was unconvinced—

Mr. Fulton: Why not talk about the budget?

Mr. Gordon: I find the hon. member's interjections less than impressive.

Mr. Fulton: The admiration is mutual.

Mr. Gordon: His remarks about inflation were understandable. Everybody deplores inflation. Everybody deplores the increases in the cost of living. But I wonder whether my hon. friend has informed himself of the projections of most of the best analysts in this country, who suggest that the inflationary pressures that were obvious and evident in 1966 and the beginning of this year are clearly moderating, and that the expectations for 1968 are not nearly as serious as my hon. friend has suggested.

Some hon. Members: Hear, hear.

Mr. Fulton: Mr. Speaker, I would be grateful if the minister would quote such an authority apart from his colleague, the Minister of Finance (Mr. Sharp). It would be very interesting to study it.

Mr. Gordon: I would be glad to, Mr. Speaker. Has the hon. member ever heard of Wood Gundy & Company? I suggest that the hon. member examine the report which they issued privately within the last two or three weeks. I would be glad to give the hon. member more authorities of the same character.

Mr. Fulton: Has the minister read the recent report of the Bank of Canada, on the declining purchasing power of the Canadian dollar?

Mr. Gordon: Anyway, Mr. Speaker, with the greatest respect, I do not think my hon. friend has contributed very much this evening either to the knowledge or the peace of mind of the people of this country.

Some hon. Members: Hear, hear.

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

Mr. Gordon: I would be glad to, Mr. Speaker, at the end of my remarks. I do not think I have very much more to say, and perhaps hon. members would let me finish. My hon. friend, in the usual unimaginative way of hon. members opposite, dragged up that old, hoary subject of the sales tax on building materials.

An hon. Member: Why not?

Mr. Gordon: That is not the real cause of the increase in the cost of housing. Nobody in this country who has any sense of responsibility is unaware of or unconcerned about the increased cost of housing. But I suggest to all hon. members that most of us have taken a little trouble to analyse the real reasons for this increase in cost. We all know, if we have done that, that most of the increase, or the biggest single increase in the cost of a home results from the increased cost of land.

Mr. Fulton: Ah.

Mr. Gordon: My hon. friend says "Ah." Why doesn't he study the figures.

Some hon. Members: Hear, hear.

Mr. Gordon: Why doesn't he ask people in the industry and inform himself, beiore making what I think are these rather irresponsible statements? I happen to be one of those who think that the ordinary Canadian with an average income should have an opportunity to own his own home.

An hon. Member: Then do something about it.

• (8:50 p.m.)

Mr. Gordon: My hon. friends over there say, do something about it. Believe me, this government intends to do something about it.

Mr. Muir (Cape Breton North and Victoria): That is the stock answer. We mean soon.

The Acting Speaker (Mr. Tardif): Order, please.

Mr. Gordon: Why does the hon. member not think of something new? If hon. members recall the 11 per cent sales tax—

Mr. Muir (Cape Breton North and Victoria): We remember your whiz kids and your budgets.

Mr. Gordon: —they will remember that the net result was that the budget, for all practical purposes, was balanced within a couple of years; and it will be again.

Some hon. Members: Oh, oh.

Mr. Gordon: It seems to me that although my hon. friend was perhaps trying to be helpful, his efforts were not too impressive, even given the scope of the problems to which he was addressing himself. He suggested that one of our great troubles was caused by the separation of the Departments of Trade and Commerce and of Industry. In a happier era when I was self employed I happened to be engaged in the business of management consulting and I was fully aware of the principles of organization. One of the principles of organization which I would commend to my hon. friend is that one does not combine two dissimilar functions under one head. The main objective of the Department of Trade and Commerce is to promote exports. The main objective of the Department of Industry is to promote the manufacturing industry; not all industry, not farming, not wheat growing, not the production of pulp and paper and our other great export industries, but to concentrate primarily, although not entirely, on the manufacturing sector. Before the Department of Industry was created, manufacturing in this country was no one's prime responsibility. This may not have mattered very much to my hon. friend for Kamloops (Mr. Fulton) but it mattered a great deal to industry and to the people employed in industry, both in the province of Quebec and the province of Ontario. One of the things which we thought was important was to have a minister who, first of all, would be informed about the problems of the manufacturing industry and, second, would proceed to do something about them. Everyone knows that the sector which is developing at the fastest rate in our export trade is manufacturing.

Mr. Fulton: I thought the Department of Trade and Commerce was interested in exports.

Mr. Gordon: Of course it is, but you cannot export things until you have them produced at prices which can compete in world markets. Perhaps my hon. friend may not know this but I suspect there are members on his side of the house who are not completely unfamiliar with the manufacturing sector or the millions of people who find their employment in the manufacturing industry. This is something which will be increasingly important in the future and, whether we like it or not, I think it is desirable. I, for one, think we need a minister and a department concentrating on that matter.

Mr. MacDonald (Prince): We certainly do.

Mr. Gordon: Did I hear a voice from the wilderness? I have great respect for the hon. member for Prince (Mr. MacDonald) and I will not comment on what he said except to say that he has to do better than that.

The hon. member for Kamloops stated that we must establish priorities. Everyone agrees with that. However, we all know that the priorities upon which some of us might agree may not be too acceptable to others. It so happens there is a difference in political philosophies.

For example I was surprised that my hon. friend should have raised doubts about the importance of medicare in Canada. There are no doubts on this subject on this side of the house. We in the Liberal party are for medicare. We are committed to it and we will do our damndest to see that it is implemented. It may be that some Conservative elements opposite would prefer to see this great improvement in social security dropped, deferred, or put off.

Mr. Ricard: The government has already deferred it for one year.

Mr. Gordon: But let us not put it off any longer.

Mr. Muir (Cape Breton North and Victoria): Does the hon. member not remember it was started as far back as 1919? The Liberal government has been committed since 1919.

Mr. Gordon: I must say, Mr. Speaker, that I was surprised to hear a man who very nearly won the leadership of the great party opposite suggest in this house that this particular social measure should be put aside. If that is my hon. friend's idea of priorities, we want no part of it.

Mr. Fulton: I am sure that my hon. friend would not wish to deliberately distort what I said. I said that I felt the Minister of Finance should discuss with the provinces not only the date of implementation of the medicare plan but some of the aspects of the medicare program which the federal government has imposed on them. Is the minister opposed to discussing with the provinces a program in which they have a very real interest?

Mr. Gordon: I apologize to the hon. member if even by inference I appeared to distort anything he might have said. I would remind him, however, that a law has been passed by this parliament and so far as I am concerned, and I am sure so far as most hon. members are concerned, this law should be implemented.

I did not mean to enter into a heated debate when I rose to speak. I only wished to emphasize that in my opinion this country is not in the dire straits which my hon. friend seemed to suggest. I think we are on the threshold of a tremendous improvement in the standard of living of all Canadians. I suggest to hon. members who take a different view that in the last five years—I will not say in the last four years so as not to be accused of inadvertent partisanship—

Mr. Muir (Cape Breton North and Victoria): Oh, no.

Mr. Gordon: —none of my friends opposite would ever accuse me of that—the standard of living of the average Canadian has gone up tremendously. I suspect that in the next five years this increase will continue at roughly the same rate. So, let us not cry too much. Let us keep on trying to improve what we are doing, but for heaven's sake let us not try to put the clock back even 20 years, let alone back to the last century.

Mr. Crouse: Would the hon. gentleman answer a question? I am sure that we all listened with interest to his strictly non-political comments on the budget and on the speech of the hon. member for Kamloops (Mr. Fulton). My question to him is: does he agree with the headline which appeared in the *Financial Post* of October 7—which I admit is two days ahead—which states the following:

• (9:00 p.m.)

> Inflation misery gets worse... The erosion of the Canadian dollar is now the fastest it has been since Korea.

Mr. Gordon: Mr. Speaker, I do try to keep up as closely as I can with current events, but quite frankly I have not looked ahead to November 7.

Mr. Crouse: Not November, October 7.

Mr. Gordon: I have not even looked ahead that far in so far as the *Financial Post* is concerned. I suspect however, that if that headline referred to is supported by the text that follows, it is highly exaggerated.

The Acting Speaker (Mr. Tardif): The hon. member for Brome-Missisquoi (Mr. Grafftey).

[*Translation*]

Mr. Mongrain: Mr. Speaker, I rise on a point of order under standing order No. 29 which reads as follows:

> When two or more members rise to speak, Mr. Speaker calls upon the member who first rose in his place; but a motion may be made that any member who has risen "be now heard", or "do now speak", which motion shall be forthwith put without debate.

I suggest that the hon. member for Lapointe (Mr. Grégoire) be now heard.

The Acting Speaker (Mr. Tardif): Would the hon. member put forthwith a written motion to that effect?

Mr. Mongrain: Mr. Speaker, if you can show me that under the rules I have to submit a written motion, I shall be glad to do so, but after persusing the standing orders, I cannot find anything to that effect.

It seems to me that an oral motion would be sufficient. Besides, I have learned that through experience, because I have seen that situation happen here on a few occasions.

Mr. Grégoire: Question.

[*English*]

Mr. Grafftey: Mr. Speaker—

The Acting Speaker (Mr. Tardif): Order. A point of order is now being considered.

[*Translation*]

Mr. Lambert: For the guidance of the hon. member, Mr. Speaker, I must point out to him that standing order No. 43 reads as follows:

All motions shall be in writing, and seconded, before being debated or put from the Chair.

Mr. Mongrain: Mr. Speaker, my written motion is ready.

The Acting Speaker (Mr. Tardif): Order. The motion is as follows: Mr. Mongrain, seconded by the hon. member for Roberval (Mr. Gauthier) moves:

That the hon. member for Lapointe now have the floor.

[*English*]

All those in favour of the motion please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Tardif): All those against the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Tardif): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Tardif): Call in the members.

The house divided on the motion (Mr. Mongrain) which was negatived on the following division:

• (9:30 p.m.)

YEAS

Messrs:

Barnett	Grégoire
Cameron (Nanaimo-Cowichan-The Islands)	Herridge
Dionne	Knowles
Gauthier	Latulippe
Germa	Mongrain
Gilbert	Orlikow
Godin	Simard
	Winch—15.

NAYS

Messrs:

Alkenbrack	Ballard
Asselin (Richmond-Wolfe)	Basford
Badanai	Béchard
Baldwin	Beer
	Benson

Division

Berger	Macquarrie
Bigg	McCleave
Blouin	McIlraith
Boulanger	McKinley
Brown	McNulty
Byrne	McQuaid
Cameron (High Park)	Madill
Cantin	Marchand
Caron	Matheson
Chatterton	Matte
Chatwood	Monteith
Chrétien	More
Clermont	Morison
Coates	Muir (Cape Breton North and Victoria)
Code	Muir (Lisgar)
Comtois	Nesbitt
Côté (Longueuil)	Neveu
Côté (Nicolet-Yamaska)	Nielsen
Cowan	Noël
Crouse	Nowlan
Deachman	Nugent
Dinsdale	O'Keefe
Dubé	Olson
Émard	Orange
Ethier	Ormiston
Fairweather	Otto
Forbes	Pascoe
Forrestall	Pepin
Fulton	Pilon
Gendron	Prittie
Gordon	Rapp
Goyer	Régimbal
Grills	Ricard
Groos	Richard
Gundlock	Rideout (Mrs.)
Habel	Rochon
Haidasz	Rock
Hees	Roxburgh
Hopkins	Ryan
Horner (Acadia)	Sharp
Howe (Wellington-Huron)	Sherman
Isabelle	Stafford
Johnston	Stanbury
Jorgenson	Starr
Kindt	Stefanson
Korchinski	Stewart
Lachance	Teillet
Laflamme	Thomas (Maisonneuve-Rosemont)
Lambert	Tolmie
Langlois (Chicoutimi)	Tremblay (Matapédia-Matane)
Laverdière	Tremblay (Richelieu-Verchères)
Leblanc (Laurier)	Trudeau
LeBlanc (Rimouski)	Tucker
Lefebvre	Turner
Legault	Valade
Lessard	Wahn
Lind	Walker
Loiselle	Watson (Châteauguay-Huntingdon-Laprairie)
MacDonald (Prince)	Whelan
MacEachen	Yanakis—133.
MacEwan	
MacInnis (Cape Breton South)	
Mackasey	
MacLean (Queens)	

• (9:40 p.m.)

Mr. Speaker: I declare the motion lost.

Order, please. It being nine forty five o'clock it is my duty pursuant to section 4 of standing order 58 to interrupt these proceedings and forthwith put the question on the amendment to the amendment.

Division

The house divided on the amendment to the amendment (Mr. Cameron (Nanaimo-Cowichan-The Islands)), which was negatived on the following division:

• (9:50 p.m.)

YEAS

Messrs:

Barnett
Cameron (Nanaimo-Cowichan-The Islands)
Dionne
Gauthier
Germa
Gilbert
Godin
Grégoire
Herridge
Knowles
Latulippe
Mongrain
Orlikow
Peters
Prittie
Simard
Winch—17.

NAYS

Messrs:

Alkenbrack
Asselin (Richmond-Wolfe)
Badanai
Baldwin
Ballard
Basford
Batten
Béchard
Beer
Benson
Berger
Bigg
Blouin
Boulanger
Brown
Byrne
Cameron (High Park)
Cantin
Caron
Cashin
Chatterton
Chatwood
Choquette
Chrétien
Clermont
Coates
Code
Comtois
Côté (Longueuil)
Côté (Nicolet-Yamaska)
Cowan
Crouse
Davis
Deachman
Dinsdale
Dubé
Émard
Ethier
Fairweather
Forbes
Forrestall
Fulton
Gendron
Gordon
Goyer
Grafftey
Grills
Gundlock
Habel
Haidasz
Harkness
Hees
Hopkins
Horner (Acadia)
Howe (Wellington-Huron)
Isabelle
Johnston
Jorgenson
Kindt
Korchinski
Lachance
Laflamme
Lambert
Langlois (Chicoutimi)
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Lind
Loiselle
MacDonald (Prince)
Macdonald (Rosedale)
MacEachen
MacEwan
MacInnis (Cape Breton South)
Mackasey
MacLean (Queens)
Macquarrie
McCleave
McIlraith
McKinley
McNulty
McQuaid
Madill
Marchand
Matheson
Matte
Monteith
More
Morison
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nesbitt
Neveu
Nielsen
Noël
Nowlan
Nugent
O'Keefe
Olson
Orange
Ormiston
Otto
Ouellet
Pascoe
Pepin
Pilon
Rapp
Régimbal
Ricard
Richard
Rideout (Mrs.)
Rinfret
Rochon
Rock
Roxburgh
Ryan
Sharp
Sherman
Stafford
Stanbury
Starr
Stefanson
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay (Matapédia-Matane)
Tremblay (Richelieu-Verchères)
Trudeau
Tucker
Turner
Valade
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Yanakis—141.

Mr. Speaker: I declare the amendment to the amendment lost.

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

Mr. Groos: Mr. Speaker, I was paired with the hon. member for Edmonton East (Mr. Skoreyko). Had I voted, I would have voted against the motion.

Mr. Speaker: It being after ten o'clock, this house stands adjourned until eleven o'clock tomorrow morning.

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

HOUSE OF COMMONS

Friday, October 6, 1967

The house met at 11 a.m.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF SPEAKER OF UNITED KINGDOM HOUSE

Mr. Speaker: I wish to draw the attention of hon. members to the presence in the gallery of Right Hon. Horace King, Speaker of the British House of Commons. It is indeed a privilege to welcome Mr. Speaker King to the Canadian House of Commons, a house inspired by the same traditions and concepts as the ancient and honourable chamber over which he presides.

We in Canada have welcomed many distinguished guests during this our centennial year. Some have been heads of state, others have been heads or members of governments. But Mr. King's sphere of jurisdiction is strictly parliamentary and he thus calls forth from us, the members of the Canadian House of Commons, a very special greeting.

We Canadian parliamentarians are aware that the concepts of liberty we cherish are nowhere more fittingly embodied than in the person of the Speaker who presides over the most historic legislative assembly in the commonwealth. Seven hundred years of parliamentary evolution have transformed the Speaker's position from that of an obscure spokesman with somewhat unenviable and uncertain duties to one of the most honoured and respected public offices in the realm. Doctor King occupies an office which can be traced almost without a break back to the fourteenth century, even to the remote origins of the institution of parliament.

• (11:10 a.m.)

[*Translation*]

True to a long parliamentary tradition, Mr. Speaker King has to his credit an honourable record of service which brought new lustre to the Chair of the House of Commons of the United Kingdom. His visit to Ottawa, the first by a British Speaker to the parliament of Canada is a joy and an honour.

Mr. Speaker, you are welcome among your colleagues and your friends of the Canadian House of Commons.

[*English*]

We are extremely pleased and honoured to welcome you, Mr. Speaker, in your personal capacity and for the great parliamentary ideal which you represent.

Some hon. Members: Hear, hear.

FITNESS AND AMATEUR SPORT ACT

AMENDMENT TO PROVIDE ASSISTANCE FOR COMMUNITY PROJECTS

Mr. Frank Howard (Skeena) moved for leave to introduce Bill No. C-158, to amend the Fitness and Amateur Sport Act.

Some hon. Members: Explain.

Mr. Howard: Mr. Speaker, in recent times there has been a great increase in interest at the community level in the building of arenas, swimming pools and other facilities for the promotion of fitness and there has been increased use of these facilities for amateur sport activities. The purpose of the bill is to permit, under the Fitness and Amateur Sport Act, assistance to be given to those organizations which are interested in constructing such facilities, as well as to advance interest in fitness and amateur sport and the use of such facilities.

Motion agreed to and bill read the first time.

ELECTORAL BOUNDARIES READJUSTMENT ACT

PROVISION FOR CHANGE IN NAME OF NEW RIDING OF PEEL-DUFFERIN

Mr. J. E. Madill (Dufferin-Simcoe) moved for leave to introduce Bill No. C-159, respecting the Electoral Boundaries Readjustment Act.

Some hon. Members: Explain.

Mr. Madill: Mr. Speaker, this bill has been introduced for the purpose of changing the name of the new electoral district of Peel-Dufferin to that of Peel-Dufferin-Simcoe. The former riding of Dufferin-Simcoe consisted of six townships, several towns and all of Dufferin county. With redistribution half the Simcoe area has been included to form the new riding of York-Simcoe. The remainder of Simcoe is in the new riding which is named Peel-Dufferin. I am requesting that the new

riding be named Peel-Dufferin-Simcoe in order that it may be better identified.

Motion agreed to and bill read the first time.

BROADCASTING

IMPLEMENTATION OF CANADIAN POLICY

Hon. John N. Turner (for the Secretary of State) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to implement a broadcasting policy for Canada, to amend the Radio Act in consequence thereof and to enact other consequential and related provisions.

Motion agreed to.

AIR CANADA

WINNIPEG—REPORTED INTENTION TO PHASE OUT OVERHAUL BASE

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is for the Minister of Transport. In the light of reports circulating today can he tell the house whether his department has decided on an early phase-out of the Air Canada overhaul base in Winnipeg?

Hon. Paul Hellyer (Minister of Transport): No, Mr. Speaker. The statement by the president of Air Canada was made without consultation with the government, and came as a complete surprise.

Mr. Sherman: Can the minister assure the house that there is no change in the policy of this department as far as the future of this base is concerned?

Mr. Hellyer: The government has been giving urgent and constant consideration to the best means by which appropriate aviation support facilities can be maintained in the Winnipeg area. There is no change in that policy.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask either the minister or the Prime Minister a supplementary question with regard to this matter. In view of the fact that the announcement by Air Canada is contrary to the commitment given by the Prime Minister in this house, will the government of Canada meet with the government of Manitoba on this issue as requested by Premier Roblin?

Mr. Hellyer: Certainly, as far as our department is concerned, I would be pleased to meet with the premier or his representative on some appropriate occasion and discuss the matter. I can assure the hon. member that in the meantime the consideration we have been giving to this matter will continue because, as I indicated a moment ago, we want to find an appropriate means of keeping facilities at Winnipeg.

INCOME TAX

PROCESSING OF REGISTRATION APPLICATIONS BY CHARITABLE ORGANIZATIONS

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is directed to the Minister of National Revenue and President of the Treasury Board, and I have sent him notice. What steps are being taken to eliminate the backlog of applications for registration by charitable organizations wishing to issue receipts for income tax purposes?

Mr. Speaker: Order. The question should be placed on the order paper.

EXTERNAL AFFAIRS

REQUEST OF RUSSIAN PHYSICIST FOR ASYLUM IN CANADA

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is for the Secretary of State for External Affairs. Would he confirm that Dr. Dotsenko, a noted physicist of U.S.S.R. origin, has applied for political asylum in Canada, and would the hon. gentleman advise what steps the government has taken in this regard?

Hon. Paul Martin (Secretary of State for External Affairs): It is a fact that Dr. Dotsenko, who is an exchange student at the University of Alberta under the exchange agreement between the University of Alberta and the University of Kiev, has of his own free will asked to remain in Canada at the termination of his ten months visa, and the visa has been extended for a period of a year.

INDUSTRY

AUTOMOBILES—REASON FOR DROP IN SEPTEMBER SALES

On the orders of the day:

Hon. George Hees (Northumberland): I wish to address a question to the Minister of Industry. Before I do so I should like to congratulate him on his promotion to front

bench status. I am sure we are all glad to see him there.

An hon. Member: It was inevitable, Judywise.

Mr. Hees: My question is as follows. Have the automobile manufacturers advised the government that the falling off in sales during September was caused by recent price increases; and if so, does the government intend to take any action to remedy this situation?

Hon. C. M. Drury (Minister of Industry): I thank the hon. gentleman for his kind remarks, particularly about the inevitability of promotion. With respect to the question, the automobile manufacturers have not advised the government—because I do not think it is the case—that any change in the rate of sales is the consequence of price adjustments.

CANADIAN CENTENNIAL

REPORTED RESIGNATION FROM COMMISSION OF MR. JOHN FISHER

On the orders of the day:

Mr. Frank Howard (Skeena): Because of the musical chairs arrangement, and because I cannot see just where the Secretary of State is sitting, perhaps I could direct my question to the Prime Minister. Without touching on the publicity given to this matter by the news media may I ask the right hon. gentleman whether he has been given any indication that John Fisher of the centennial commission has submitted, or intends to submit, his resignation.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker—

Mr. Speaker: Order, please. I wonder whether this question is one of immediate urgency. Of course if the house feels it should be answered I will recognize it.

Some hon. Members: Answer.

Mr. Pearson: Mr. Speaker, having said yes I think I should be permitted to follow that up and say it is not for the reason indicated in the press report at all.

Mr. Howard: Am I correct in understanding, though, that Mr. Fisher has submitted his resignation?

Mr. Pearson: Yes, Mr. Speaker. He has been offered an important assignment in the journalistic world. He has to take that up some time next month and has asked to be relieved of his duties with the centennial commission.

Mr. R. Gordon L. Fairweather (Royal): Before asking a supplementary, Mr. Speaker, may I say I did not intend to ask this question because I wrote to the Prime Minister about Mr. Fisher yesterday. However, I wonder whether the government and the Prime Minister do not feel there is an obligation in fairness to this man who served his country very well during this centennial year.

Mr. Pearson: Yes, Mr. Speaker. My hon. friend was good enough to write me about this, and I agree with what was said in his letter. Mr. Fisher's services have been of great value to the country during centennial year, and I hope they can be recognized in some suitable way. I am sure they are recognized in one way by the offer he has received and accepted.

Hon. George Hees (Northumberland): As a supplementary question, Mr. Speaker, since the Prime Minister has indicated that the government desires to do something very special for such a distinguished civil servant, did the government make Mr. Fisher any offer of an appropriate position in the future?

Mr. Pearson: Yes, Mr. Speaker, I had something in mind which I had discussed with the Secretary of State which I thought might be of interest to Mr. Fisher, and had arranged to see him. As a matter of fact this offer he accepted has come as a surprise to me, but I still hope to see Mr. Fisher, perhaps with the Secretary of State.

AIRPORTS

TORONTO—POSSIBLE SUBSTITUTE FOR AVIATION FUELING SERVICE

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Transport regarding the strike at Malton airport affecting Consolidated Aviation Fueling Limited. Has he anything more definite to report than what he said yesterday, and is the government taking any active part in trying to bring about a settlement in this matter?

Hon. Paul Hellyer (Minister of Transport): I really do not think there is anything I can usefully add to what I said yesterday, Mr. Speaker. The airport is still in operation, and I personally hope it will be able to continue in operation. This is one of the busiest week

ends of the year so far as Canadian travellers are concerned, and I hope they will be able to complete their journeys without interruption.

Mr. Starr: As a supplementary question, in addition to the hopes expressed by the minister is the government actively engaged in trying to bring about a settlement?

Mr. Hellyer: Mr. Speaker, this is really a question for my colleague the Minister of Labour, if he would care to answer it.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, might I say my department has intervened in the matter and will be holding exploratory discussions as quickly as possible.

Hon. George Hees (Northumberland): Mr. Speaker, I wish to direct a supplementary question to the Minister of Transport. In view of the ability of a very small group to tie up a very important transport facility in this country, has the government given consideration to a different type of supply system which would make it more difficult for this kind of situation to occur in the future?

Mr. Speaker: Order, please.

AIR TRANSPORT

ENFORCEMENT AND IMPROVEMENT OF TRAFFIC CONTROL PROCEDURES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the Minister of Transport. In view of the near tragedy at Malton airport last Monday, involving an Air Canada DC-8 and a small private plane, and in view of other similar occurrences in recent months, will the minister take appropriate measures to ensure that air traffic control procedures and other safety measures are strictly enforced and, if necessary, improved?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, this is a general question which it is difficult to deal with on orders of the day, but certainly I appreciate the problem. Of course the answer to the question is that the department makes every effort to enforce its regulations in order to guarantee the safety of Canadian air passengers. However, that is becoming increasingly difficult, as my hon. friend will appreciate, with the volume of traffic increasing at a tremendous rate and the number of light planes now being operated by Canadian individuals.

This puts an extra demand on the department to provide additional facilities, and the department is studying on a national basis what it can do in the years ahead to move some of the light plane traffic away from the international airports in order to make it easier for them and facilitate long range travel.

Mr. Nesbitt: I have a supplementary question, Mr. Speaker. I am wondering whether the minister or the officials in his department are thinking of giving some type of special commendation to the pilot of the DC-8 who used such presence of mind in preventing a serious tragedy.

Mr. Speaker: Order. The hon. member now is making a submission to the minister.

POWER

COLUMBIA RIVER—REQUEST FOR COMMITTEE REVIEW OF TREATY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this question is directed to the Minister of Energy, Mines and Resources. I apologize for not giving him notice, but I had a most urgent appointment which kept me tied up all morning.

In view of the recent disclosure in the United States concerning the increased power production at Grand Coulee, would the minister consider sending the Columbia river treaty to the appropriate committee in an effort to obtain a revision of this unfortunate treaty?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): I believe this would be beyond the capacity or jurisdiction of the committee.

GRAIN

ALBERTA—REQUEST FOR INCREASED WHEAT QUOTAS

On the orders of the day:

Hon. Jean-Luc Pépin (Minister of Energy, Mines and Resources): While I am on my feet, Mr. Speaker, on behalf of the Minister of Trade and Commerce may I answer a question which was asked on Wednesday by the hon. member for Battle River-Camrose. On October 2 there were 213 delivery stations in Alberta, 127 in Saskatchewan and 123 in Manitoba still on the unit quota of 400 bushels. There were 197 points in Alberta on the one bushel per specified acre quota compared with 548 in Saskatchewan and 159 in Manitoba. I might add that there is an open quota on Durum wheat and flaxseed.

As hon. members are aware, the wheat crop fortunately is higher than was forecast toward the latter part of July. The latest Dominion Bureau of Statistics estimate of the 1967 wheat crop is 574 million bushels. The farmers therefore have a considerable quantity of wheat which of necessity must be delivered to the country elevators as the crop year unfolds and as sales are made in the export and domestic markets.

In the meantime I would urge producers to take advantage of the interest free loans which are available under the Prairie Grain Advance Payments Act to the extent they feel they need them.

HUMAN RIGHTS

REQUEST OF BAR ASSOCIATION FOR NATIONAL COMMISSION

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question which I should like to direct to the Minister of Justice. Is consideration being given at this time to the request of the Canadian Bar Association for the establishment of a national commission on human rights to combat discrimination in Canada?

Hon. P.-E. Trudeau (Minister of Justice): No immediate consideration is being given to this request, for the simple reason that many areas covered by the laws against discrimination in Canada fall within provincial jurisdiction. It would therefore be difficult at this time to have a commission which would have authority in this field. However, I will give further consideration to the question in view of the fact that we intend to have a conference on the bill of rights which would put the question of discrimination above both federal and provincial jurisdiction.

HEALTH AND WELFARE

MEDICARE—REQUEST FOR REVIEW OF LEGISLATION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, is the right hon. the Prime Minister today in a position to give an answer with regard to my question in respect of a federal-provincial conference on medicare?

Right Hon. L. B. Pearson (Prime Minister): I wonder whether my hon. friend would be patient until Tuesday, because the minister just returned and I have not been able to discuss the matter with him. I am sure the answer is very simple and one I should know, but I do not.

EQUIPPING OF MOTOR VEHICLES WITH EXHAUST CONTROLS

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Is the government aware of the statement made yesterday by the health director of the city of Montreal to the effect that because of the slow moving vehicle traffic caused by the strike the air pollution situation has reached a very dangerous level. Because of this and similar situations which face our metro areas, will the government now assure the house that it is speeding up its study of the exhaust control regulations established under mandate by the government in Washington so we could have a national standard as quickly as possible?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I am able to agree to the operative part of the question.

Mr. Nielsen: That was an exhaustive reply.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, my question is for the cabinet. Perhaps the brilliant Minister of Justice will answer. Since the Conservative party, including the hon. member for Winnipeg South Centre (Mr. Churchill), has endorsed the two nation concept, does the government, instead of the next federal-provincial conference, plan to call a conference at which representatives of the French speaking nation on one side, and representatives of the English speaking nation on the other side, could get together?

DRUGS

INQUIRY AS TO ACTION TO CONTROL COSTS

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Minister of National Health and Welfare and relates to the minister's comments yesterday in which he suggested that during the past ten years the pharmaceutical industry has done little to control the rising cost of drugs. He indicated that some action may be contemplated by the government, and I am wondering when the house will be informed as to the details of this action.

Inquiries of the Ministry

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, it is proposed that legislation will be introduced during this session. It is being prepared at this time and hopefully will be introduced very shortly.

Mr. MacDonald (Prince): I have a supplementary question for the Minister of Finance. The minister indicated that in the face of this problem his department would be willing to consider some suitable action. Is the minister contemplating such action to be included in his presentation of the budget to this house next year?

Mr. Speaker: Order, please. The hon. member is referring to the presentation of the budget next year. This question could properly and easily be placed on the order paper.

VETERANS AFFAIRS

REPORT OF DEPARTMENTAL COMMITTEE ON PENSION RATES

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I should like to direct a question to the Minister of Veterans Affairs. Will he advise the house when he expects to receive the report of the departmental committee on pension rates.

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I am afraid it is rather difficult for me to answer that question. The report will be presented as soon as it is possible to complete it. Unfortunately it has not been completed as yet, and I cannot place a time on its completion.

Mr. Chatterton: Mr. Speaker, will the minister use his influence with this committee to expedite its report in order that the minister's promise to bring forward legislation in respect of the Pension Act before the end of 1964 can be implemented at an early date?

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have a supplementary question. Can the minister assure the house that when the report is received it will be referred to the standing committee on veterans affairs.

Mr. Teillet: Mr. Speaker, this involves an interdepartmental study and I am afraid I cannot give that kind of assurance at this time.

Mr. Frank Howard (Skeena): Mr. Speaker, I have a supplementary question. I should like to ask the minister how he is going to overcome the slashing techniques of the Minister of Finance in order to implement the necessary increases in pensions to which reference has been made.

[*Translation*]

NAVIGATION

ST. LAWRENCE RIVER—MAINTENANCE OF WINTER NAVIGATION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, as we now have a Minister of Transport coming from central Canada instead of the maritimes, I would like to put a question to him.

Can the minister tell us whether his department intends to take special measures to maintain navigation on the St. Lawrence river during the winter months?

Mr. Speaker: I wonder whether this question is really urgent. I would suggest to the hon. member, if he believes there is urgency, to discuss it on the adjournment motion.

Mr. Grégoire: Mr. Speaker, when the St. Lawrence is frozen, it will be too late to ask the minister whether he has taken measures to maintain winter navigation. Here is the question I asked the Minister of Transport: Have steps been taken to keep the St. Lawrence open during the coming winter?

Mr. Speaker: I think the question could be put on the order paper. If the hon. member feels that it should be discussed on the adjournment motion, he could give notice accordingly.

Mr. Grégoire: At ten o'clock, Mr. Speaker.

[*English*]

HOUSING

CALGARY—PETITION RESPECTING URBAN RENEWAL PROBLEMS

On the orders of the day:

Mr. H. R. Ballard (Calgary South): Mr. Speaker, I should like to direct a question to the Prime Minister. Has he received a petition from a residents' committee of Calgary relating to human problems arising out of urban renewal? If he has read that brief I should like to ask what action he plans to take in that connection.

Mr. Speaker: Order. This question should be placed on the order paper.

EXTERNAL AFFAIRS

VIET NAM—REPORTED INVASION PLAN BY UNITED STATES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Has the Canadian government received any word concerning the report that the United States is planning an invasion of North Viet Nam, and will the minister make clear Canada's opposition to any such move?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have no information that would in any way support the view that such a plan was in the offing. If it were we would certainly have great reservations.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, October 5, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith (p. 1197).

Mr. Speaker: The hon. member for Brome-Missisquoi.

[*Translation*]

Mr. Grégoire: Mr. Speaker, on a point of order.

Mr. Speaker: Order. The hon. member for Lapointe on a point of order.

Mr. Grégoire: Mr. Speaker, I would like to refer to standing order 5.

In view of the fact that we are being systematically refused the right to speak in this house, or so it seems, may I ask for unanimous consent to be absent from this house, thereby complying with the provisions of standing orders?

Mr. Speaker: The hon. member for Brome-Missisquoi.

Mr. Grégoire: Mr. Speaker, do I have the unanimous consent of the house?

Mr. Speaker: Order. I believe I gave a ruling a few days ago on standing order No. 5, to which the member has referred, explaining that it is now obsolete. The hon. member may therefore take leave of absence without first obtaining the consent of the house.

Mr. Grégoire: Mr. Speaker, I have here the last edition of standing orders dated May 8 1967 and order No. 5 is in it.

Mr. Speaker: Order.

Mr. Grégoire: If it is obsolete, it should be removed.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, it is perfectly obvious that I am going to have problems with my hon. friend from Lotbinière (Mr. Choquette) this morning.

Mr. Speaker, last night the President of the Privy Council (Mr. Gordon) opened his speech by discussing a few matters concerning external affairs. Usually, that topic is not discussed during the debate on the budget. It is obvious that foreign and domestic affairs cannot be discussed in a vacuum, since they affect each other and our policy in the field of foreign affairs has a direct and indirect influence on the expenditures of our government.

[*English*]

Mr. Choquette: That is the leader we wanted, a bilingual leader.

[*Translation*]

Mr. Grafftey: My friend from Lotbinière is well aware of the national poll we conducted last summer in this country and I can assure you, Mr. Speaker, that the issue with which our Canadian population is most concerned is that of foreign affairs. Our people, as concerns our foreign policy, want greater clearness or, if you wish, a greater Canadian content.

[*English*]

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

[*Translation*]

Mr. Grafftey: Not right away, Mr. Speaker. Perhaps at the end of my speech, I shall do what I can to answer. At this time, I am beginning slowly, not fast, but let me begin.

Mr. Choquette: According to your poll of the Canadian population—

Mr. Speaker: Order, please. I must remind the hon. member for Lotbinière that the hon. member for Brome-Missisquoi has the floor and should not be interrupted in this way.

Mr. Choquette: Mr. Speaker, on a point of order. The hon. member is beginning his speech by referring to me, to a poll. I want to know if this poll shows that the people want two nations or one nation?

Mr. Speaker: Order.

The Budget—Mr. Grafftey

● (11:40 a.m.)

[*English*]

Mr. Grafftey: Thank you, Mr. Speaker. As I begin I should like to say that the fact that the President of the Privy Council (Mr. Gordon) last night in the budget debate touched upon the question of foreign affairs was of great interest to me and, I am sure, to the rest of the house. Normally this is not done in a budget debate, but I think it was timely and important that he did so because it is my belief, which may be surprising to most of us in this house, that foreign affairs is the subject which concerns Canadians most at the present time.

Although I do not intend to devote much of my speech this morning to this subject, let me simply say in summary that it is my impression that people all over Canada want, in a bi-partisan sense, more clarity and more Canadian content in our foreign affairs posture. They do not want differences for differences sake. They understand only too well that an independent foreign policy is difficult for a nation such as Canada in 1967. Without being anti-American, Canadians are worried that too much of our foreign affairs policy is dictated by Washington. I do not think this is necessarily the case. It is easier to discuss it than to act.

I think more Canadians would like to see Canada play a greater peace making rather than a peace keeping role. While we must honour many of our traditional commitments such as NORAD and NATO, Canada should display—and I think Washington would welcome this—more initiative and experimentation in this field, something that is not now provided to Washington with its world leadership role in the field of foreign affairs. In view of the fact that perhaps the real challenge is one of an economic nature in areas such as Latin America, Asia, Africa and southeast Asia, this realignment of our foreign affairs posture will certainly affect our budgetary expenses. Therefore I think it was timely that the President of the Privy Council should have brought up this subject last night.

Let me give my opinion on the following subject in brief summary. I have no scientific backing for it, but it is my belief that the things that are concerning Canadians most today, in order of importance, are first, foreign affairs; second, on the domestic scene, taxes and the cost of living, and that is what I intend to speak about this morning; third, national unity; and fourth, political leadership, not only relating to the quality of individual leaders but relating to the capacity of our institutions, both federal and provincial, to solve the kind of problems that are facing a modern state and its provinces.

[Mr. Speaker.]

As I said, sir, the second most important issue that is concerning Canadians today is taxes and the rising cost of living. The sounding we conducted—and I admit it was not a scientific sounding, of which there are plenty today, but a political one, although not political in the narrow sense of the word—gave us an indication of what the Canadian people were thinking in relation to taxes and the cost of living.

In summary this is what we found. Tremendous concern is shown for the amount of money it is taking people to live these days. Although complaints about taxes have existed as long as taxes themselves, the problem of inflation has not. In general people want the government to exercise more restraint in spending so as to keep taxes down. They want people living on fixed incomes, especially pensioners, to be given a break, and they want the government to tackle inflation before it prices food, for example, right out of their reach. Last week we found that housing is being priced right out of the reach of the people, but I have found, after speaking to thousands of Canadians in every corner of this nation, that today food also is being priced right out of the reach of the people. So Canadians at the grass roots level, no matter what the minister says, expect the federal government to start tackling the problem of inflation and the rising cost of living.

Let us look at the background of this whole problem. Let us go back nine, ten or eleven years. Like the President of the Privy Council I do not want to be inadvertently partisan, and regardless of who was in power at that time let us review in general summary our approach to the problems, of the cost of living, inflation and high prices. In those days both the elected representatives and the economic experts agreed it was a serious matter and it was not a situation with which we would necessarily have to live. Prosperity in the true and profound sense of the word did not mean that we had to get used to spiralling costs and inflation, and if we really were going to have prosperity we should at all times confront the problem of inflation and high prices. So ten years ago there was a general feeling that publicly elected officials and economists would take the problem of inflation seriously, and that it had to be met head on by the federal government.

The phrase "by the federal government" leads me to my second contention, namely that ten years ago there was absolutely no doubt about the proposition that it was the federal government which had the primary responsibility to exercise leadership and meet this problem head on. What do we find today? We find this government approaching the problem of inflation in the same way it does every other issue that faces and concerns the Canadian people; that is, by hiding behind the constitution. The Minister of Finance invokes the constitution in exactly the same way as the hon. gentleman who is now sitting beside him did last week on the housing crisis.

What this government should do is go on a national tour and wave the constitution in front of all those people who are faced with these myriad problems. The government say "We cannot do anything; the constitution says we cannot". This government cannot keep fooling the people. Every time a pressing national problem comes up the government gives a little lecture to the municipalities and a little lecture to the provinces and then says to the public "We would like to act but we cannot because of the constitution." The same government whose Prime Minister travels right across the country saying "The real problem today is that there are far too many powerful provincial premiers encroaching on the national interest and chiselling away at federal powers" invokes the constitution every time a national issue comes up such as housing, inflation, air, water and soil pollution, urban development, and highway and automobile deaths and injuries. The government say "We are not going to do anything" and then wonder why people are losing faith in federal leadership.

Lack of federal leadership is another issue about which the Canadian people in every corner of this land are talking. The government has abdicated its responsibilities in all areas involving national issues. No matter what this government says, its attitude today is that it does not consider the high cost of living, inflation and spiralling prices as serious matters. It is not doing much if anything about them, except to inform the nation from time to time that it is chipping away at expenditures here and there. This is what the Minister of Finance tells us from time to time. We wonder how successful he is going to be.

The government is projecting the idea that it is not taking the question seriously. This is the situation today as opposed to the situation ten years ago when there was no doubt about who had the responsibility in this matter. The government again invokes the constitution.

• (11:50 a.m.)

In case I am accused of being partisan, Mr. Speaker, let me refer to some more objective sources. Let me refer to the warning given by the International Monetary Fund, something I do not believe it would do lightly. I think bodies like the International Monetary Fund are pretty careful before doing anything that might look as if they are involving themselves in the domestic concerns of nations. So I am sure it was only after much thought and hard work this summer and much, if you will, diplomatic consideration that the International Monetary Fund issued a public warning to the minister and to the government to the effect that they would have to wake up and deal with the problem of inflation if the economy of this country is going to be healthy in the true sense of the word. In addition to the International Monetary Fund the Economic Council of Canada, another independent, non-political body, similarly warned the government.

The Canadian people in every corner of the country are, generally speaking, saying one thing about this government. The picture is not all doom and gloom, though perhaps the President of the Privy Council (Mr. Gordon) will accuse me of being a little irresponsible by painting a doom and gloom picture. In spite of this government, say the people, there are many healthy signs in the economy and its future potential. But the general feeling is that as a result of its ill timed and ill considered fiscal, monetary and spending policies this government has destroyed the options open to it and in fact is mismanaging the economy.

I have attempted to pinpoint the background of the problem, Mr. Speaker, and to outline my view that while we must have the co-operation of the municipalities, of industry and of labour in meeting the problems, of inflation and the cost of living, it is the federal government which must give leadership and confront this problem, thus giving the people the feeling that the federal government is leading them in this regard.

Just in case hon. members opposite do not feel that the cost of living today is a serious problem, Mr. Speaker, let me ask them whom it affects. I sometimes think we are a little smug about this, and I have no wish to be demagogic in this regard. It is true that we are blessed with a young country which enjoys the second highest standard of living in the history of the world, but this is small

comfort to the 25 per cent to 30 per cent of the people who are ill housed and who live in deprivation, poverty, even destitution.

These conditions have been defined by, I think it is, the Ontario labour council. They define poverty as a family of four living on an income of under $3,000; destitution as a family of four living on under $2,000; and deprivation as a family of four living on under $4,000. What about the 500,000 rural families living on net annual incomes of under $2,000?

What is the government doing for our pensioners and people who live on fixed and shrinking incomes, those who are suffering from poverty amidst plenty? This hard-pressed core of our society is being affected by inflation and the cost of living.

Those of us whose salaries, investment income or other forms of income rise to compensate us for the increasing cost of living also complain a little, but we are nowhere nearly as badly off as those people living in deprivation, destitution or poverty on shrinking and fixed incomes. These are the people who are affected by inflation and the cost of living, and it does not serve us well to boast about the general high standard of living in Canada and the fact that we have the second highest economic standard of living in the world while this situation confronts us.

What does democracy mean, Mr. Speaker, to these people who are living in grinding poverty, who are faced with spiralling costs which price food out of their hands, who are confronted by a government that shoves statistics relating to housing or the cost of living in front of them and does not give them any feeling that it will grapple with the problem and take some action to correct it? The government does not take the problem seriously. It is a government that, when it is confronted with an immediate problem demanding immediate action, does one of many things. It cites the constitution and says we are going to have a federal-provincial conference on the constitution. We are told we are going to have a symposium on the problem at various points across the country. We are told that studies are going to be conducted. We are told about parliamentary joint committees and task forces.

However, Mr. Speaker, this government cannot fool the people any longer. Of course modern problems demand study and the allocation of research dollars. There are times when there is need for studies to be made, and I am not against studies. But there is also a time to act, and I must say that this is the most inactive, retrograde government that we have ever seen in the history of this country. I ask the government not to be afraid of leadership in the area of housing or inflation. The people want the government to lead. The trouble with this government is that it has abdicated its responsibilities, Mr. Speaker.

Mr. Stanbury: What about the previous government?

Mr. Grafftey: I know my sophisticated friend in the back row does not like speeches that come from the heart, but I might tell him that if he only went to his people he would soon discover the facts. He probably thinks I am being demagogic. I realize he was automatically elected in the big swing, but if he would keep close to his people he would soon find there is want in this country. If some politicians speak passionately occasionally it is because they know the problems of their people.

The No. 2 problem with this government, Mr. Speaker, is that it is dominated in its ministry and on its front benches by those who have a bureaucratic attitude. We have a wonderful bureaucracy which is second to none, but I am sure the bureaucrats themselves are worried at the fact that the front benches of the Liberal party are dominated by ex-senior civil servants, including the Minister of Finance. I suggest this is one reason the hon. member who just interrupted me is out of touch with his own people, and why I doubt whether he will stay in office much longer.

If I am demagogic, Mr. Speaker, I do not apologize for one moment. I suggest that hon. members opposite who share the views of the hon. member for York-Scarborough (Mr. Stanbury) take a trip across the country and speak to the people and they will soon discover that there is want and poverty amidst plenty in Canada today.

One reason there is inflation and a rising cost of living in this country, creating greater and greater hardship on those living in destitution, poverty and deprivation, is this. I think we often mislead ourselves in terms of what we consider to be social welfare legislation. These laws are passed admittedly by men whose hearts are in the right place, and I like to think that every member of this house has the best of intentions. But it is not good enough, Mr. Speaker, just to have your heart in the right place; you have to pass legislation that will work. And the problem with much of the universal welfare legislation we have passed in the months and years that have gone by is that it is not reaching the

root source of poverty among the people it is primarily designed to help.

• (12 noon)

I think of the pension plan that was passed a number of years ago in the house. In many ways it was good legislation. On numerous instances we attempted to amend it. Of course, ministers of the government and the President of the Privy Council referred to this earlier and they trotted out the old, "have you stopped beating your wife" argument. They asked, "How did you vote?" Everybody knows how we voted on medicare. Yet time and time again, both in the house and in committee, we attempted to amend that legislation.

The difficulties of those in the lower income groups and those living in grinding poverty are coumpounded because many of our classically considered welfare programs are not reaching them and do not help. The pension plan does not help many of the poorest in the rural areas. We told the government that this would happen. We voted for the bill but we tried, tried and tried again to amend the legislation so that it would help those who need help most. After all, the way welfare programs help those in need is the criterion by which they are judged. One does not ask, "How did you vote?"

I say, therefore, that because of the confusion in relations between Ottawa and the provinces and because our normal social welfare legislation is not reaching the root at which it is aimed, the problem of poverty in the midst of plenty is becoming increasingly aggravated. I am fully aware that the grass roots will say: We want our taxes to be reduced and our social welfare benefits to be increased. Such an attitude puts many politicians on both sides of the house on the spot occasionally. No one can have his cake and eat it.

Years ago I felt that many reactionary politicians had the attitude that any initiative by the public sector was retrograde. Let us be frank with ourselves and the people. In this young country we shall have to build many more hospitals, universities, schools and roads. We shall need a great deal of expenditure in the public sector. We realize now that the private sector moves forward only when the public sector has done its part. This modern approach to government and political attitudes makes it more important than ever for us to plan our economic and social spending priorities in Ottawa and with the provinces.

Some hon. Members: Hear, hear.

Mr. Grafftey: What do we mean by planning our spending priorities? This was alluded to last night. Many in this house espouse varying shades of political philosophy. The job will be difficult, but we were elected to face difficulties. Ordering our spending priorities is difficult, but we must do so. We all know the problems that face all levels of modern government. The sooner the federal government convenes the proper kind of meeting with the provinces, in fact, with all levels of government, and begins to plan spending priorities, the better it will be for us. Until that happens the difficulties we face will become worse.

The trouble is that we have no guarantee that the government believes in the necessity to co-operate with the provinces in terms of organizing and ordering social and economic spending priorities. This will not be easy. This government has always felt that it has a mandate from heaven to tell the people what is best for them. You cannot force your opinion down people's throats today. Modern communications make it important for us to see that there is municipal, provincial and federal co-operation so that our system works. I say, as I have said again, again and again, that while the task will not be easy the government must open that kind of dialogue with provincial elected representatives and officials which will show our people that there is planning and order in our spending priorities.

As I said before, every hon. member probably has his heart in the right place. Nevertheless, we have only so much money. I am sure that the hon. member for Villeneuve (Mr. Caouette) would like to print more, but there is only so much to go around. This is becoming increasingly apparent. Expenditures are growing and growing but we can only do so much at one time. The people want an end to the continuing conflict and air of tension between levels of government. People all over Canada are sick and tired that no level of government is confronting seriously many of the modern problems facing the nation. Everywhere in Canada people are talking about the cost of living, housing, air pollution, soil and water pollution, automobile highway deaths and injuries and many other things What is happening in this country is probably happening in no other country in the western world. There is a feeling among our people that no level of government alone, and no government acting in concert with governments at other levels, is confronting these problems.

So long as we keep drifting without leadership the cynicism with regard to our leaders and public institutions will grow in the body politic. I suggest, therefore, that apart from outlining the necessity to organize political priorities not only within the federal domain but in co-operation with other levels of government—

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Grafftey: May I finish the sentence?

An hon. Member: Wrap it up.

The Acting Speaker (Mr. Rinfret): I regret that there is not unanimous consent.

Mr. Grafftey: Very well, Mr. Speaker, but I was in the middle of a sentence.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I listened with interest to the speech of the hon. member for Brome-Missisquoi (Mr. Grafftey) which he described as a passionate address. I wish to comment on his statement that within the cabinet ranks and within the Liberal party there are so many members from what he described as the bureaucracy. He referred, of course, to those who, having retired from brilliant careers in the Canadian civil service, have entered the public life of Canada by being elected and entering this house. It is curious indeed that after five years in office my hon. friend's party did not make itself attractive to anybody in the bureaucracy, as he describes it. How many of these people went to sit on my hon. friend's side of the house? I should think that if anybody in Canada were able to judge political parties it would be those who had so ably served them. It certainly must be a judgment in itself that none of them has seen fit to seek office and sit on that side of the house, having experienced a Conservative administration between 1957 and 1963.

• (12:10 p.m.)

We must remember when we discuss the budget today that we are discussing a budget which was brought down in the spring. The summer recess has passed and there has been plenty of time for the country, and for representatives of business and industry in particular, to reflect on matters pertaining to the budget and to finance generally. One of the subjects which has occupied the minds of those who take a serious attitude toward these questions is, of course, the massive Carter report presented in the spring. Some hon. members have had an opportunity to digest it during the summer months, as have a number of people associated with business and industry.

One of the points which caused greatest alarm when the report was issued was a suggestion that a massive overhaul was needed in the system of taxing mines, gas and oil wells and the extractive industry generally. This suggestion resulted in so many protests that the minister gave certain assurances to the industry in the course of a statement he made in the house on May 11, 1967 when he said, as reported in *Hansard* at page 111:

> A number of taxpayers have made representations to us that in some instances the very uncertainty introduced by the royal commission report is causing them to act as though the recommendations of the commission had been adopted by the government.

A little later he said:

> We have given careful study to see what we could do at this time to minimize these uncertainties without prejudicing the government's freedom of action in determining the ultimate shape of the tax reform it will propose to parliament.

Further on in his statement the minister described two undertakings which he believed appropriate to give in order that those concerned could carry on with the development of important projects in respect of which incentive provisions now in the law were important. He said:

> The first undertaking concerns the three-year exemption for new mines. We have concluded that should the government decide to propose the removal of this incentive it would not do so in a manner which would remove the exemption with respect to income earned before January 1, 1974, nor would it in any essential manner change the method of application of that exemption before that date.

He went on to say:

> The second undertaking concerns the treatment presently accorded to prospectors and their backers under section 83 of the Income Tax Act. Should the government decide to impose the withdrawal of this incentive, we would not do so with respect to amounts received before January 1, 1969 that relate to properties or interests acquired before January 1, 1968.

These assurances were welcome, but they are relatively short-term assurances giving an indication to the mining industry that a complete overhaul of the tax system will not in any event take place in the course of the next few years.

During the summer months briefs were prepared by many associations within the industry for submission to the minister. They contained expressions of opinion with regard

to the recommendations put forward in the report of the Carter commission. Before dealing with the submissions contained in these briefs I should like to summarize the recommendations contained in the Carter report which so alarmed the mining industry and the extractive industries. If we refer to page 297, volume 4 of the report, we find the following statement:

After carefully analysing the many arguments advanced in support of special concessions to the mining and petroleum industries, we have concluded that, in general, adoption of the reforms recommended for the taxation of businesses and corporations would make the special tax concessions to these industries unnecessary and unacceptable. Percentage depletion and the three-year exemption for new mines are extremely costly in terms of revenue, and the available evidence suggests that these concessions are inefficient (i.e., that they have a relatively small effect on mineral and petroleum exploration and production per dollar of tax revenue forgone).

At the top of the following page we find these words:

There is no doubt that these concessions encourage the mining and petroleum industries. As a result of the concessions, Canada has more investment in these activities, more people are employed in them, and the volume of our exports of minerals and petroleum is no doubt greater and the volume of our imports of minerals and petroleum is no doubt smaller than otherwise would be the case. In addition Canada's known mineral and petroleum reserves are probably somewhat greater than they otherwise would be.

Having made these grudging admissions, the Carter commission went on to say:

In our opinion, the concessions probably brought about an increase in the allocation of capital and labour to mineral and petroleum extraction; but there is no presumption that this had a beneficial effect on the overall economic well-being of Canadians. Even if the re-allocation did improve general economic well-being, the concessions were an unnecessarily costly method of achieving this result.

On page 368 of the same volume Carter went on to say:

The present Income Tax Act contains special provisions for the mining and petroleum industries. The most important of these provisions are:

a) the immediate deduction of exploration and development costs by qualified corporations against income from any source with an indefinite carry-forward of such costs not written off;

b) the three-year exemption of income from new mines;

c) the deduction of a proportion of the income from oil, gas and mining operations as an allowance for depletion, which is permitted to oil, gas and mining companies and their shareholders.

On page 371 the report says:

A careful review of the many arguments advanced in support of the present concessions to the mining and petroleum industries does not suggest that the economy would be adversely affected by their removal.

Again, on page 374:

—all profits made on the disposition of mining and petroleum properties should be included in income.

Finally, on page 375 the report states:

Depletion allowances for the mining and petroleum industries should be withdrawn immediately... The three-year tax exempt period for new mines should be withdrawn... Prospectors and grubstakers should be taxable on their profits.

• (12:20 p.m.)

These statements thoroughly alarmed the mining industry and precipitated a flow of briefs to the Minister of Finance (Mr. Sharp). I believe these statements also alarmed the Minister of Finance when he saw them in the Carter report because on May 11 he gave the mining industry some assurance that the axe would not fall for some time.

I want to allude to some of the statements made in the briefs because I think it is worth while to recall for the house the importance of the mining industry to Canada and to show the effect of implementing some of the Carter report recommendations on an industry of such importance. I refer first to the submission of the Mining Association of British Columbia, addressed to the premier and executive council of British Columbia. It is quaint to find this association hurling itself on the mercy of the premier of British Columbia to save its members from the Minister of Finance and from Mr. Carter. On page 4 the brief states:

The mining industry is second only to the forest industries in primary importance. Mineral production in British Columbia in 1966, excluding petroleum, amounted to $284,000,000. There are 29 producing mines, 11 of which were brought into production within the last seven years. Another eight properties are under construction or active development toward production.

Since the first ounce of gold was panned on the Fraser river in 1859, mining in British Columbia has produced a wide range of minerals with a total value of nearly $6 billion despite the "boom and bust" conditions that marked the industry through the earlier years.

The industry employs about 15,000 persons directly and has an annual payroll of more than $90,000,000. The capital investment represented by the operating mines is very substantial; the financial requirement to bring in the new mines now under development alone calls for more than $400 million.

On page 5 the brief also states:

The industry's purchases in 1966 of fuel, electricity and process supplies alone amounted to more than $50 million.

British Columbia mining companies contribute extensively to municipal, provincial and federal taxes, last year paying more than $30 million into the government treasuries...

Most of the minerals produced in British Columbia are exported either as concentrates or as refined metal and represent a substantial portion of the province's export revenue—more than $200 million in 1966. In all Canada, about 60 per cent of the nation's mineral output is exported, accounting for nearly one-third of the country's total export trade.

On page 6 the brief points out:

In the last seven years, British Columbia's total ore concentrating capacity has increased from 32,000 tons per day to more than 80,000 tons per day, and is expected to reach 180,000 tons daily by 1970... In 1966, more than 80,000 claims were staked in the province compared with 12,000 in 1960, and it is estimated some 1,000 prospectors participated in the search for new mineral sources.

This is the way in which the mining industry of British Columbia adds to the wealth of that province and the wealth of Canada through the export of ores and concentrates.

I now wish to turn briefly to the submission of The Mining Association of Canada to the Minister of Finance on the subject of the Carter report. At page 3 this brief states:

If the commission's proposals were to be adopted, the present, powerful incentive to explore for minerals would be eliminated—

They are referring there to the incentive which I have just described when dealing with the brief submitted by The Mining Association of British Columbia. The brief continues:

Abandonment of depletion and the three-year exemption for new mines would destroy the favourable economic climate which now stimulates exploration and motivates management in considering marginal properties, and would eliminate many new mines.

Removal of the prospectors' and grubstakers' exemption from tax on the initial profit realized from the occasional successful discovery would kill the desire of prospectors to carry on this vital and often disappointing search for mineral resources... It would largely eliminate private individuals and exploration companies from Canadian exploration.

Re-allocation of resources from the extractive industries to "more efficient uses", as foreseen by the commission, is a highly theoretical abstraction. The exploration dollar which has built up Canada's mineral industry is volatile and can easily be diverted to foreign fields.

The minister also heard from prospectors and grubstakers, those who carry on the business of exploration, often as individuals without benefit of large capital behind them. In particular I refer to a letter which Mr. Alex C. Mosher, the president of the Prospectors and Developers Association, with offices in Toronto, addressed to the Minister of Finance and to members of the house. In the attached brief he states:

—in Ontario some 420,000 claims have been staked in the period 1907-1953; this resulted in the formation of 6,679 mining companies or syndicates; 128 of these companies reached the plateau requiring payment of provincial taxes, and only 54 would be deemed successful.

Thus we see how much exploratory work must be done to bring in new, successful mines and why it is necessary to encourage these people through the system of incentives that has been built up.

Mr. Mosher goes on to say:

It must be a rugged unique individualist who stakes a claim in the firm conviction "this is mine" yet in the face of odds, 3,000 to 1 against. Many start on the long hard road "with the black flies and mosquitoes"; few reach "the black ties and tuxedos".

I received a letter from a Mr. Robert Zielinski of the city of Vancouver, a prospector. In it he says:

As an active, full time prospector, closely associated with the mining industry for the past 16 years, I would like to give you my thoughts and opinions on the subject from a prospector's point of view.

I think his view is very reasonable indeed.

The Carter commission recommends the elimination of the existing tax exemption for prospectors and grubstakers. In order to maintain a high level of incentive, the prospector should be entitled to a qualified exemption on his gains derived from the disposal of mineral claims or shares received in transactions, but the exemption should not exceed $10,000 annually and be calculated over a five-year period. Anything above the $10,000 exemption would be treated as taxable capital gain as recommended by the Carter commission.

Then he goes on to say something which I think is worth quoting because it tells us what faces the grubstaker and prospector as they hunt for mines in Canada's northland and what happens when they find a mine. He writes:

The legitimate prospector, as a rule, is a person with limited education and business knowledge. In my experience over the years he is, in most cases, taken advantage of in the transaction of his mineral claims or in the formation of new companies by the business people with whom he must deal. As these businessmen are in a position of greater astuteness and more knowledgeable in the refinements of mining laws, they as a rule end up with the greater portion of any of the benefits and, as pointed out above, in many instances hide their gains behind the shield of the word "prospector" or "grubstaker". These are the people who should be carefully scrutinized by the tax department.

• (12:30 p.m.)

In my opinion the grubstaker should be able to deduct his outlay of capital towards prospecting and mining ventures, but should pay taxes on his net gains. I agree that his income should be calculated over a five-year period.

The British Columbia and Yukon Chamber of Mines, an old and very reliable institution

with offices in the city of Vancouver, also submitted a brief to the minister on this subject. I should like to quote very briefly from that submission:

> The 1,400 members of the B.C. & Yukon Chamber of Mines represent 600 or so individual prospectors, engineers, and geologists; 350 small and large mining companies and 450 business and supply firms, vitally interested in the welfare of mining. Actively working now in B.C. and Yukon are 1,000 prospectors, from 500 to 1,000 engineers and geologists, 375 minor companies, 75 major companies, 200 to 300 companies supporting search and exploration work. Nine of 11 new mines brought into production in B.C. since 1960 were found and developed by prospectors and their backers.

Mr. Nielsen: May I ask the hon. gentleman whether he has a copy of the recommendation of the Yukon Chamber of Mines and, if so, whether he would read it into the record?

Mr. Deachman: I do not believe I have before me one from the Yukon Chamber of Mines. What I have just quoted is a paragraph from the submission of the British Columbia and Yukon Chamber of Mines.

Another brief which was sent to members and submitted to the government of Canada is that of Brenda Mines Limited, one of the newer and most successful mining developments in British Columbia. It tells a very important story of what happens when a great new mine is developed in a province. I should like to read just a little about what happens to a community when a mine of this kind comes into production in Canada. At page 31 the brief reads as follows:

> The Brenda payroll will reach $3.0 million annually, with employment of 350.
>
> Every job at the mine site will be matched by at least five other jobs elsewhere in the Canadian economy.
>
> By 1972, approximately 900 workers in the central Okanagan alone will owe their livelihood, either directly or indirectly, to the mine.
>
> The full scale operation of Brenda is expected to generate $18.0 million annually in payrolls, of which $7.0 million will be earned in the Okanagan.
>
> The Brenda construction program will generate $9.0 million in tax revenue for provincial and federal governments, while operations will eventually give rise to more than $7.0 million annually.
>
> The export of concentrates will earn as much as $26.0 million annually in foreign exchange.

That is what a single good mine can do as well as giving encouragement to the many prospectors and explorers who fan out all over Canada searching for valuable ores.

There also is a submission from the Vancouver board of trade to the Minister of Finance on the report of the royal commission on taxation. This brief was drafted under the direction of a special committee of the Vancouver board of trade. A great deal of work was done to prepare an intelligent and well-researched submission to the minister on the subject of the Carter report. Mr. A. R. Ilersic, who was associated with the preparation of the brief, is a professor of social studies at the University of London. He is the author of two standard works on taxation and fiscal policy. One is called "Government And Fiscal Policy In Post-War Britain" and the other is called "Taxation Of Capital Gains.' Another person associated with the brief of the Vancouver board of trade is Sir Frank Bower who was formerly the head of the taxation department of Unilever Limited. He acted as president of the association of British chambers of commerce between 1958 and 1960 and served as chairman of the taxation committee of the association of British chambers of commerce. I should like to read from this brief at page 18:

> The board is not against tax reform in the resource industries as such. What it is opposed to are proposals which would affect adversely the future development of these industries. Thus, the assertion by the commission, that such foreign capital would still come to Canada, can be justified only on two very dubious assumptions. The first is that there is nowhere else for the foreign investor to go for minerals and oil where the treatment, all other factors including tax being taken into account, is better. The second is that there are openings for investment in Canadian industry, other than the extractive industries, of comparable attraction for foreign investors.
>
> Since the commission's proposals will eliminate the depletion allowances and phase out the three-year tax exemption for new mines, the relative attractions of investment in Canada for these industries are significantly reduced. The commission's proposals to tax capital gains could prove even more of a deterrent to investment in the extractive industries, more especially for the small investor, than even the loss of the depletion allowance and initial tax exemption.

In conclusion I should like to say that industry in Canada cannot live and expand unless it exists in a long-term climate of confidence. It must receive that if investment is to flow into Canadian industry. I say this is particularly so in respect of the mining and extractive industries of Canada because it takes an enormous amount of exploration in order to find a mine. Once a mine has been found a great deal of work must be done in order to bring it up to the production stage. Even many of those which turn out to be producers are not the most successful producers. When we analyse the situation we find that 3,000 claims have to be discovered in order to produce one good mine. It is for these reasons that incentives must exist if this great industry is to flourish in Canada.

There are some things I should like to ask the minister to consider in respect of this

industry in order to give it the confidence it must have in order to make it flourish as a great Canadian industry. First, despite the assurances given by the minister in his statement of May 11 the mining industry is still in doubt concerning its future as a result of the Carter royal commission report. I ask the minister to give further assurance to that industry that there will be no massive upset which might disturb it and that if taxation reform is coming to this industry it will be done in such a manner that the Canadian mining industry and investment in this industry will not be lost. I ask the cabinet to give further assurance to those who invest in the mining industry in Canada that investment from abroad is welcomed in the Canadian mining industry. I suggest they should be given the assurance that they need not fear that this or any other government will embark upon punitive measures against foreign capital, because those of us who come from the west know that we must have capital in this country.

The Acting Speaker (Mr. Tardif): Order. I regret to interrupt the hon. gentleman but the time allotted to him has now expired.

Mr. Deachman: May I have a moment to conclude?

The Acting Speaker (Mr. Tardif): Does the hon. gentleman have unanimous consent to continue?

Mr. Mongrain: No.

• (12:40 p.m.)

Mr. Deachman: Do I have the consent of the house to conclude my remarks?

The Acting Speaker (Mr. Tardif): I am sorry but the hon. member does not have the unanimous consent of the house.

[*Translation*]

Mr. Mongrain: Mr. Speaker, I rise on a point of order. I am willing to give a minute or two to the hon. member, but I warn the Chair that, in the future, we will insist upon keeping to the time limit.

[*English*]

Mr. Deachman: Thank you, Mr. Speaker. I should like to make these few points. There must be long-term assurances that the mining industry is not going to be upset by massive changes in the methods of providing incentives and imposing taxes. There must be long-term assurances that investment from abroad will be welcomed in Canada. There must be long-term assurances that the total sum of taxes levied on industry is not going to creep up to the point where taxes are greater than the total levy of taxes which allows the possibility for Canadian dollars to compete with United States dollars, for example. We must be able to give the assurance to industry in Canada that we can settle the question of confederation and do so quickly so that foreign capital can move into Canada with these investors being able to be confident of a stable economic climate.

Anyone who read the stories which appeared this morning in the business section of the *Globe and Mail*, or listened to what Mr. Kierans said recently in Quebec, must be aware of what I have in mind. It is in respect of these points that the mining industry must have long-term assurances in order that it may continue to exist and flourish. Thank you, sir, for your kindness.

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I should like to congratulate the hon. member for Vancouver Quadra (Mr. Deachman) on the excellent speech he has just delivered. It is regrettable that its general tone and tenor should be so out of tune with what we hear from the front benches of his party and that he along with other members of his party from British Columbia who occupy the back benches should be listened to so little by their own ministers who have the responsibility for the decisions which are made concerning our province. Let me remind the hon. member, who I am sure feels that there is very little attention given him over there, that he would be welcome at any time to join us here in raising his voice on behalf of British Columbia.

Mr. Deachman: Mr. Speaker, I just want to say to the hon. member that I can raise my voice from this position very well and frequently do so.

Mr. Johnston: That is exactly what I am saying. The hon. member raises his voice very well but it has very little effect. That is the problem.

This morning I should like to refer to an article by Alex Young which appeared in the Vancouver *Province* on Monday, October 2. It appeared in the column "Victoria Comment" under the heading "Other Provinces More Equal Than B.C.", and it points out some of the problems to which the previous speaker alluded and which are very real to the province of British Columbia. The article was

based on some comments by the hon. Kenneth Kiernan, minister of recreation and conservation in the Social Credit government of British Columbia.

He is concerned, as are a great many British Columbians, about the consistent failure of the federal government to carry out policies that would be equitable across Canada. He gives various examples as cited in this article. One has to do with the question of purchases by British Columbia from the central provinces and sales from British Columbia to the central provinces. Of course there is no obvious barrier in this regard because there are no interprovincial tariffs, but he does point out the effect that the present tariff policy has on the province.

It is pointed out in this article that British Columbia buys from the rest of Canada some three to five times as much goods in dollar value as it sells. The goods sold to the rest of Canada are to a large extent sold at world prices but the goods bought from the rest of Canada by British Columbia to a large extent carry a substantial tariff protection mark-up over world prices. The tariff protection mark-up on British Columbia goods sold to the central provinces is perhaps $10 million over world prices on a year's business. On the other hand, the tariff protection on goods bought from the central provinces is estimated at a tariff mark-up of over $100 million a year over world prices. The people of British Columbia pay that mark-up.

Mr. Kiernan is also concerned about aid by Canada as a whole in respect of local projects and the fact that British Columbia cannot obtain direct federal grants for such things as the Peace River or Columbia River projects or the Pacific Great Eastern Railway development. Yet the central government can put up huge amounts for the Saskatchewan dam, the St. Lawrence seaway or the projected Northumberland Strait causeway. He believes that national policies should have national application on an equitable basis.

This whole question and its reference to this budget debate was emphasized by the reply the Minister of Finance (Mr. Sharp) made on October 4 to a question raised in the house in respect of exports of Japanese fiber to Canada. At that time the minister said, as recorded at page 2800 of *Hansard* for that date:

> Mr. Speaker, the government has already invited the Japanese government to do that.

He was referring to a restriction on these exportations of fiber to Canada. The Minister of Finance went on to say:

> When I was in Rio I had the opportunity of speaking directly to the Japanese minister of finance in order to support our application.

I do not know whether the minister when he was in Rio was aware that there had been a debate in this house at about the same time on the question of the disappearing market for Canadian wheat in Japan. However, if the Japanese minister of finance had been aware of the debate which took place in this house I am sure he would have been most perplexed at the request of the Minister of Finance.

I was very surprised the other day, when the Minister of Finance made this remarkable statement, that no member in this house representing the grain-growing regions of the prairie provinces got to his feet to ask a supplementary question. I suspect they missed the significance of the reply in relation to this major industry on the prairies. I hope that was the case and that they have not in the last few weeks turned their eyes to the Atlantic area so much that they feel their policy has changed to the extent they can make no objection.

In this regard I again should like to compliment the hon. member for Vancouver-Burrard (Mr. Basford) for his promptness in asking a supplementary question at that time and point out that although he speaks very ably on behalf of his province, as did the hon. member for Vancouver Quadra, his words seem to fall on ears that are strangely deaf. We do have a set of tariff policies and it seems to be the government's intention, if we can accept the words of the Minister of Finance, to carry out actively a policy that has long-range discriminatory effects against exports from British Columbia and from the west, continuing a trend that is becoming increasingly important to us.

• (12:50 p.m.)

The gap between our sales to Japan and our imports from Japan has been constantly growing. It is increasing annually. Usually we in the west attribute to the east the quality of inscrutability. But one fails to understand the government's actions in this regard, having listened to the Minister of Trade and Commerce (Mr. Winters) defending the position of his government during the wheat debate and saying that a most aggressive sales drive is in progress and then having heard the Minister of Finance a couple of days later confessing that the drive is not all that aggressive. One wonders what his reaction would be if the

Japanese government requested the Canadian government to restrict our wheat sales to Japan.

This matter is all the more important when we realize that the results of the Kennedy round, which have been hailed so much in this debate and over the last few months, are being severely threatened at the moment by a massive onslaught by protectionist interests in the United States. We cannot assume that the objectives of the Kennedy round of negotiations have been accomplished. Just the other day the house of representatives passed a bill which could have a most damaging effect on the whole concept of tariff reductions resulting from the Kennedy round. We hope that the government gives the matter of trade with Japan and in fact with the entire Pacific rim the importance which it claims it does. After all, this is the government whose Prime Minister went to British Columbia just a few months ago and told that province not to go out on its own into the Pacific rim in order to extend trade, that the federal government will look after the interests of the west in that area. He said it very clearly. Yet I am sure, after the approach of the Minister of Finance to the Japanese minister of finance in Rio the other day, it will take all the charm, ability and good will of the whole cabinet and of the premier of British Columbia in order to undo the damage that was done. British Columbia will have to go forth, independently of any decision made in Ottawa in order to sell its products and extend its trade in the Pacific rim.

I was also very interested in the speech made yesterday by the hon. member for Coast-Capilano (Mr. Davis). This summer he made an extensive tour of the province of British Columbia together with a great many parliamentary secretaries and cabinet ministers. I do not quite know the reason for all this activity. One would hope it was in the best interests of British Columbia, but I suspect that the motivation lay elsewhere. I can assure the house that the trails through the province were well worn by these representatives of the government who should be able now to come back to this house and speak clearly and ably on behalf of that part of Canada. However, I am afraid this was not the reason nor the purpose of their visit.

The Minister of Finance was among those who made that pilgrimage. I regret I was not in the town of Salmon Arm when he invited himself to the Liberal conference there and spoke with the good people of the interior of British Columbia. I hope he paid careful attention to what they had to tell him about the trade situation and about the development which the hon. member for Vancouver Quadra outlined in his speech.

The hon. member for Coast-Capilano said some interesting things about the designated area program when he was in the Okanagan valley. The Okanagan area seemed to be a very popular place with many of the ministers and parliamentary secretaries who visited it. I know that the scenic beauty and the climate which prevailed during this most beautiful summer would attract almost anyone but I doubt that it was the lakes, the air and the skies that caused this sudden interest.

The hon. member spoke about the possibility of ending the designated area program in the Okanagan valley in the near future. I would be the first one to say that this program has been of great benefit to the area but I feel that the benefits it has brought to British Columbia and to the Okanagan valley are in a sense just beginning and that if that area is redesignated it would leave for practical purposes no part of the province of British Columbia within the designated area. The only part of British Columbia left in the designated area would be the town of Fernie which has not yet succeeded in attracting any significant industry despite the program. At the same time, throughout the rest of Canada there are still very extensive areas involved in this program.

We know that the Department of Industry saw fit to remove the Skookumchuk area of east Kootenay from the designated area program when it became apparent that a very important pulp and paper mill would be constructed there. So the benefits of this program to the province have not been very great considering the total sum in grants paid out. They do not compare with what has been spent in Ontario, Quebec or almost any other province one could name. An early end to the program in British Columbia would be one more example of an inequitable national policy on the part of this government.

The Acting Speaker (Mr. Tardif): Order. It being one o'clock I do now leave the chair.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Johnston: Mr. Speaker, I had been talking about the policies of the government in relation to the province of British Columbia and had referred in particular to a recent speech by the hon. member for

Coast-Capilano while he was in the Okanagan region in which he made reference to the designated area grants. Yesterday he also made reference to the development of the coal deposits in the southeastern corner of the province in the Fernie area and stated quite bluntly that he was opposed to government subsidies for the development of this resource.

What he did not do at the same time was to indicate his position on the extension of the Great Northern Railway to Fernie, which is certainly a most important issue. If there is no subsidy and the Canadian Pacific Railway is not going to haul this coal there is still one alternative left in that area, but the hon. member failed to make it at all clear where he stood on that matter.

When the hon. member for Coast-Capilano speaks he speaks from a little different position than the hon. member for Vancouver Quadra or the hon. member for Vancouver-Burrard inasmuch as we do not know whether he is speaking with an official voice. We do know that sitting on that side of the house he has hopes and aspirations. What we do not know is whether he is merely flying a kite or telling us what is the policy of the federal government. I hope that we will have greater clarification from the hon. member on some of these points.

This then, Mr. Speaker, is the main burden of my remarks. I have tried to illustrate the concern that we in the west have that policies will be favourable to us. We knew, as I am sure the Minister of Finance knew when he spoke to the Japanese representative about textiles, that these textiles were not being dumped in Canada but were coming into this country through the ordinary process of trade. We have that on the authority of Mr. Grey, the assistant deputy minister of finance, and the minister himself must surely have been aware of that. Although he advocates free trade, we in the west should like some indication that this is what the policy of the federal government is intended to promote.

In conclusion, Mr. Speaker, I should like to quote not Mr. Kiernan, a cabinet minister in the British Columbia government, but rather the writer of an article which appeared in the *Province* for Monday, October 2 last. After listing certain complaints he went on to state:

> These are serious complaints. Yet the reaction of federal authorities to them has tended to be more lighthearted than serious.
>
> Perhaps there is some fun to be had in joking about affluent B.C.'s separatist tendencies. But surely it is not too much to ask that, once the chuckles have died down, Ottawa take a close and sincere look at each of the complaints raised by the B.C. government, through Kiernan, and then give what definite replies it can—if it can.

Mr. Herridge: Would the hon. member permit a question? Can he inform the house on what basis the north Okanagan is described as a designated area?

Mr. Johnston: Mr. Speaker, there is one thing about the interjections of the members of the New Democratic party. Unlike some of the interjections from across the house they are always useful.

Mr. Groos: Oh, oh.

Mr. Johnston: The other question that is asked in the same breath by other members of that party is: Why was the designated area limited to the region within which the constituency of the premier of British Columbia happened to lie. Of course, there are no grounds for that question at all because the area covered four constituencies in the south central part, South Okanagan, North Okanagan, Similkameen and Salmon Arm. Had the department done right by the community of Sicamous, part of the Revelstoke constituency would also have been included at the time the designated area was first constituted. Perhaps hon. members know that another part of the province which was designated was the former Fernie constituency. It is now part of the Kootenay constituency and is temporarily represented in the provincial legislature by a member from the N.D.P.

• (2:40 p.m.)

The criteria, of course, to return to the question of the hon. member for Kootenay West (Mr. Herridge), are the national employment statistics issued by the national employment service.

That is what I have been told by the Department of Industry when talking about the expansion of the designated area and the failure to include the village of Sicamous. The decision depends entirely on the national employment service statistics. This is a matter of federal concern, and I am sure that the statistics are reliable. The climate and beauty of the Okanagan area attracts many who wish to retire early and spend the rest of their days in relative ease amid beautiful surroundings. I also know that the rapidly spiralling inflation which has been brought about by this government's policies tends to force many of those who have retired back into the labour force, to which they had not expected to return.

Mr. Erik Nielsen (Yukon): Mr. Speaker, the Minister of Finance (Mr. Sharp) must have a great feeling of dread when he surveys the fiscal wreckage which surrounds him. Obviously the situation is completely out of control. Indeed, as I listened to the minister last Wednesday on television and in the house, I thought he provided a sorry spectacle. To a degree we have sympathy for him.

Mr. Sharp: The hon. member is very cheerful.

Mr. Nielsen: The minister has nothing to be cheerful about. He is surrounded by a mess, by a situation to which his colleagues in the cabinet have contributed. He had to make a statement in an attempt to explain the unexplainable. Perhaps he is trying to unscrew the inscrutable. He almost succeeded. Nevertheless, the unpalatable fact is that the minister has no options left to him. If he is to pay for the programs of his colleagues that call for uncontrolled spending while fighting a deficit of approximately $1 billion, he must raise taxes. If he does that he will only give his ministers more money to spend.

The minister is like a passenger in a runaway hearse and is rapidly proceeding to the edge of the precipice in the economic affairs of the country. He knows this and is concerned. I am concerned for him, because his colleagues seem so unconcerned.

Mr. Sharp: I thank the hon. member.

Mr. Nielsen: In Hamilton last night the Minister of National Health and Welfare (Mr. MacEachen) made a speech about medicare. He was not concerned. What the Minister of Finance said last Wednesday in the house and what he said on television differs somewhat from his former speeches. I so well remember the occasion one or two years ago when he criticized the former government in words such as these which appeared in the *North Hill News* of Calgary on June 7, 1962:

> Canada's economy was further shaken, he said, by the increasing budgetary deficits, the last one, at $475 million, "ill-timed and excessive".

The minister thought that was terrible. On another occasion this statement appeared in the Brandon *Sun* of June 2, 1962:

> "I'm in politics," said the red-haired Mr. Sharp, "because I feel our affairs are being poorly managed. I can think of easier ways of making a living than politics, and I'm not violently partisan."

The minister is also reported to have said on that occasion, "Lester Pearson isn't a financial expert."

An hon. Member: What?

[Mr. Johnston.]

Mr. Nielsen: I will buy that, Mr. Speaker. On another occasion we find the following in the Winnipeg *Free Press,* which is not known as being overly friendly to those on this side of the house. The date is June 2, 1962, and the headline is, "Sharp Attacks Budget Deficit". In the body of the article this appears:

> The first responsibility of a Liberal government would be to restore "order to the nation's finances."

Mr. Sharp: Which we did.

Mr. Nielsen: The minister says "Which we did". If he calls this country's finances orderly now then I think the members of the press, the editorial writers and those who wrote the comments I have read as well as those who wrote the fourth report of the Economic Council have holes in their heads. I do not believe that is so and I do not believe the minister is correct. The situation is out of order and out of control.

We all remember the minister saying, "Our first responsibility will be to balance the budget." With that usual lack of partisan feeling which the minister is fond of displaying, he and his colleagues were condemnatory in the extreme of the former government for its deficit. Yet we face the largest deficit in the country's history. I have not compared this budget with a wartime budget but I am prone to say that this is the largest budget in our country's history, in war or peace. The minister went on to say as found in the Winnipeg *Free Press* of June 2, 1962:

> Mr. Pearson won't be a one-man show. He listens to his advisors.

I said I was sorry for the minister's position. I only wish that his cabinet colleagues would listen to his advice. Perhaps he might get together with the Minister of National Health and Welfare.

After raising these spectres with respect to deficit financing and after saying that the government which preceded this one had been spending money like drunken sailors, the minister went on to make all sorts of promises including $2 wheat. An editorial in the Toronto *Globe and Mail* of June 1, 1962, describes the minister as "The Duke of Eglinton". That reminded me of another duke, the Duke of York. That duke, of course, was connected with the horse guards and hon. members may remember the saying: The grand old Duke of York, he had 10,000 men, he marched them up a very high hill and he marched them down again. When they were up they were up, when they were down they were down, but when they were only half up they were neither up nor down.

Mr. Sharp: May I ask the hon. gentleman if he knows the history of the grand old Duke of York? His great contribution to the British army was to restore order from the mess which had been left by junior command.

Some hon. Members: Hear, hear.

Mr. Nielsen: I was coming to that later. One solution I might suggest to the minister and his colleagues, in order that this whole mess might be cleared up, is to bring back the predecessor in office to the Minister of Finance.

An hon. Member: Oh, boy.

• (2:50 p.m.)

Mr. Nielsen: In him we had a man with some fortitude who could say no. The present minister has demonstrated that he lacks this fortitude. That is what is happening here. The minister marches his legions forth with cries of restraints to his cabinet colleagues. Then having admonished them with raised finger, he backs down again. This is evident from the conduct of the Minister of National Health and Welfare (Mr. MacEachen) last night. The hon. gentleman charged in the Windsor *Star* that the former government had "ignored the experts". How these chickens are coming home to roost. "A Balanced Budget, Sharp Pleads" says a headline in the *Star*. As reported in the Ottawa *Journal* the minister expressed his thoughts in this way: "We must learn to live within our means and make it plain that we intend to do so from the outset." What has happened to this brave new world that the Minister of Finance envisaged? What is looming over this government and over the country as a whole as a result of the minister's inability to restrict his colleagues is a deficit of $1 billion, and he knows that Canadian business, Canadian industry and Canadian finance will not stand for such a deficit.

Mr. Sharp: Could I ask the hon. member to explain his billion dollar figure? I have not heard of it before.

Mr. Nielsen: The minister began the budget debate last June by claiming that his budget would be a cure-all for inflation. He forecast a deficit at that time of just under $740 million. As a result of supplementary estimates and other spending commitments, in my view and in the view of the writers I have read that deficit will reach the billion dollar mark.

Mr. Sharp: Not so.

Mr. Nielsen: In his remarks on Wednesday the minister tried to draw a red herring across the trail by telling us the government intended to hold the line at $740 million, if that was the precise figure, by making slashes in the estimates next year.

Mr. Sharp: I did not say that.

Mr. Nielsen: The minister tells us he did not say that.

Mr. Sharp: I think it would be more impressive if the hon. member were to keep to the facts.

Mr. Nielsen: If we could only obtain some facts on which we could endeavour to be impressive it would be easier, but the minister and his colleagues in their usual close-mouthed fashion are prone to refuse us these facts when they are requested.

Mr. O'Keefe: You should come here sometimes and listen to them.

Mr. Nielsen: The hon. member had better not try an interjection of that sort again. I was sitting in this house just before we rose at one o'clock at a time when there were only 18 members here, and the hon. member was not one of them.

Mr. O'Keefe: I will put my record up against yours at any time.

Mr. Nielsen: The minister's remedy is, of course, higher taxes. His statement the other night on television was simply an admission of this fact. It was sad viewing indeed to see the minister make this abject admission of defeat, his leadership hopes shattered. He was a picture of defeat. It was the most abject admission of failure ever made by a Canadian minister of finance. Four months ago he brought in a budget which was to have been a cure for inflation, a budget whose object was to control inflation. He expressed confidence at that time that his budgetary plan would provide all the answers. Now, four months later, he admits, as he did last Wednesday, that inflation is the single most serious problem facing Canadians.

Why is inflation so serious? It is serious because it means higher taxes, higher prices, higher rent and higher costs for business and industry. The hon. gentleman has failed completely to control inflation and he admits it. He cannot control inflation because he cannot control his colleagues. I picture him as being a mouse in a den of lions.

An hon. Member: Some mouse.

Mr. Nielsen: Indeed, in order to control his spending colleagues he would have to be a fiscal Clyde Beatty and I doubt that he possesses that kind of skill. He is a member of a cabinet which should be restrained. His colleagues should be cribbed, cabined and confined. Never, since the Klondike gold rush, which occurred in the Yukon, not in Edmonton, has there been such an agglomeration of big spenders. This year they spent $11 billion. The minister's own department—and this will be difficult for him to explain—is spending $250 million more than it did last year. The hon. gentleman rushes about like a modern-day Peter the Hermit pleading for restraint. The greatest lack of restraint is shown by his own colleagues and the worst offender is the Prime Minister (Mr. Pearson).

The Prime Minister is the author of the war on poverty, while in my own riding there are people who still live all the year round in tents. The Prime Minister, the last of the big spenders, is also the author of the war on rural poverty, a program so effective that 15,000 farmers were battering down the doors of this house to show their appreciation. Take the Company of Young Canadians. What are they doing? How much is it costing the country? Think for a moment of the $40 million art centre. It was originally to have cost around $18 million. By the time the excavations were completed the bill was already over $25 million, one of the most expensive holes in history.

One would be tempted to feel sorry for the minister if it were not for the fiscal wreckage he has created, surrounded by spendthrifts like the Minister of National Health and Welfare, the Minister of Defence (Mr. Cadieux), the Secretary of State for External Affairs (Mr. Martin), the Minister of Industry (Mr. Drury) and the Minister of Manpower and Immigration (Mr. Marchand). One can only conclude that the Minister of Finance is in complete awe of his cabinet colleagues. Reading a list of departmental spending increases in the latest estimates is like reading a litany of irresponsibility. He is being dragged along in the wake of the most spendthrift government in our history like a cork on a wave.

• (3:00 p.m.)

He says, "Wait until you see next year's estimates. We have already cut $600 million from them." But he knows full well that this is a routine procedure that goes on year after year. It is a great joke. He tries to convince us and, worse, he tries to convince the people of Canada that he and his government are determined to save us by cutting estimates which we have not even seen yet. This is like a car dealer who allows you a large amount on your old car on a trade-in and then adds it to the price of a new car. The saving is completely illusory.

The minister is a helpless victim of his colleague's spendthrift proclivities. Mr. Ilsley would have cracked down on this, Mr. Abbott would have stopped it, and the former member for Eglinton would have stopped it. Even the minister's predecessor in office would have stopped it, but now the situation is obviously out of control. I do not think the minister has ever been the same since he was forced to bow down to the Rockefellers. His apology for ineptitude was one of the most abject admissions of failure ever to be made in parliament.

Mr. Sharp: Would the hon. gentleman elaborate on this business about the Rockefellers? It seems a little low even for the hon. member, so perhaps he might elaborate a little.

Mr. Nielsen: I do not intend to have the minister design my speech for me.

Mr. Sharp: I think it would help.

Mr. Nielsen: If he will bear with me for a moment or two I will have a couple of other interesting things which might also ignite some spark of reaction in him. I believe the simple fact is that the minister has completely lost control, and he knows it.

Mr. Sharp: Mr. Speaker, I think the hon. gentleman should get away from insinuations and let us have what is on his mind.

Mr. Nielsen: I have something here for the minister. Under the new liberal economy four ministers, two parliamentary secretaries, one member of parliament and goodness knows how many other people were to travel out to Edmonton to open the new Camsell hospital. Is that supposed to represent saving?

Mr. Sharp: The hon. gentleman obviously does not want to answer my question.

Mr. Nielsen: I think the minister cannot divest himself of the deputy minister mentality. Someone else on this side has mentioned that we are confronted with a cabinet consisting mainly of bureaucrats. I think that is the minister's whole trouble. He bows down to his cabinet colleagues. He cannot say yes or no, and so he is carried along and finds himself in a position which it is impossible for

him to get out of unless he raises taxes, or borrows money which he knows he cannot borrow at reasonable rates, or causes unemployment. As the minister himself described it last Wednesday, and I quote from page 2809 of *Hansard*:

> I feel that we must—and we will—find some way to bring this inflationary movement under control even, if necessary, by letting the economy develop a little more slack for a year or two while price and cost increases taper off.

What he is advocating there is no more and no less than more unemployment. He says this will cool off the economy, but we on this side do not go for that. We see no reason why the situation cannot be controlled and at the same time keep employment opportunities as high or higher than they are now for the working force of this country.

The reports of the Auditor General in the past two or three years reveal a shocking condition of waste and extravagance. The government has utterly failed to exercise even a reasonable control over expenditures. In his 1966 report the Auditor General states that the house committee on public accounts met only once during 1965 and it did not consider the Auditor General's 1964 report. This is not to criticize the committee. It is an indication that if there is to be any control over waste something more is required.

In his latest report the Auditor General states that 49 recommendations by the public accounts committee designed to eliminate waste have not been implemented by the government. One of his recommendations concerns the Canadian Broadcasting Corporation, which apparently has become a byword for uncontrolled expenditure. It is all very well for the minister to rise in his place and say, "We have got to cut things to the bone." Where is the bone in the C.B.C.? There is so much fat surrounding the bone that you cannot even see it to cut it. There is to be $30 million more for the C.B.C. this year. This body, spending over $100 million a year of the taxpayers' money, apparently is completely removed from the financial control of parliament and wants to be even farther removed.

The standing committee on public accounts, a committee of this house, has on several occasions asked that the C.B.C. present written replies to the recommendations of the Glassco commission regarding the reorganization of the C.B.C. These replies have not been forthcoming. Instead the former president of the C.B.C. said at that time, "We have got our own Glassco commission." This is one area where expenses are not being carefully supervised and where the Canadian taxpayer is being heavily penalized by the negligence of the government.

The public accounts committee, as far back as 1964, recommended changes in accounting procedures in the Department of National Defence in order to make them more efficient. This has not been done. The Department of National Defence has a tremendous stock of equipment and supplies, amounting to a considerable portion of the defence budget. According to the Auditor General's report, purchases of defence equipment average more than $400 million annually. Yet parliament has not been able to obtain from the defence department a dollar value with regard to the inventory on hand.

These are areas where the government must crack down. In my personal view this is where the Minister of Finance must exercise some authority and demand that something be done to remove waste. Unfortunately for the taxpayer the government has not moved in this field.

The Auditor General has repeatedly criticized the practice of masking expenditures as loans, such as the loan of $14 million to the C.B.C. which should really be listed as an expenditure, and the various loans made to crown corporations such as Expo and others which are removed from control by parliament. These are areas where the minister and, to be fair to him, the government have allowed expenditures to run hog wild. The deficit on Expo alone will run into hundreds of millions of dollars. The government has refused to allow any examination of expenditures and the bill will be another astronomical burden on the taxpayers of Canada. The minister wants to know where to save. There are so many areas.

The Auditor General's report has pointed out several instances regarding shipyards and involving the repair of both defence vessels and Department of Transport ferries where the procedures followed were such as to impose heavy additional costs on the taxpayers. No effort has been made to deal with these matters or to improve the situation. If it has, no details of the results have been forthcoming.

Any person who looks at the Auditor General's report cannot but have the feeling that many millions of dollars are being willfully and wastefully thrown away by the government in contracts through the various departments and agencies. Take the famous case of the department of defence hydrofoil which in 1963 was estimated to cost $9 mil-

lion. It is now up to more than $40 million and no hydrofoil in sight. These are the kind of things that Canadians will not stand for.

The government goes on in its reckless fashion, squandering and proliferating new departments like the Department of Industry which was going to mesh the functions of industry and those of the Department of Defence Production. A year after it was created that department was spending more than $200 million. Some mesh. Then the government set up the department of manpower and the Company of Young Canadians. The result is that we have the highest taxes in history. In the field of empire building it strikes me that the minister makes Alexander the Great and Napoleon look like the Smothers Brothers.

• (3:10 p.m.)

In 1966 the estimates of the Department of Defence Production called for a departmental expenditure of $20,289,300. The new Department of Industry was then set up. It started off with an estimated expenditure for 1965-66 of $36 million. The estimates of defence production went down from $32 million to $25 million for that year but the estimates for the Department of Industry went up from $50 million in 1966-67 to a total estimated expenditure of $146,785,300 for 1967-68.

The Department of Industry is spending enormous sums to sustain technological capability in Canadian industry in respect of defence production. A total amount of $60 million has been authorized, of which $25 million is to be spent in the current year. Perhaps these are worth-while objectives, but what control is there over these expenditures? Where is the money going and where are the explanations in this regard? These are expenditures which cannot be watched satisfactorily and there is no indication that they are being watched. Meanwhile these huge expenditures contribute to the ever-rising cost of living and the ever-rising tax rate.

This government's record is one of acting on behalf of large financial interests at the expense of ordinary Canadians. The minister asked for elaboration a moment ago. Let me elaborate in this regard. The committee on election expenses referred to these corporations which are seemingly the beneficiaries of these new programs of the Department of Industry as "friendly corporations". No wonder this government is spending more than any government in Canada's peacetime history.

The United States is fighting a war but Canada has no war. Yet our cost of living and our taxes have risen higher than in the case of the United States. The government started a war on poverty, but it is obvious in scrutinizing the government's accounts that while that war is being won by the big corporations and the economic aristocracy of this country, it is being lost by the taxpayers. Those who are paying the shot for the government's economic adventures are the people who cannot obtain homes because costs are too high, who cannot afford to feed their families properly because the cost of food has gone haywire, who are having trouble paying the costs of education of their children. These costs are being paid by people like those in my own riding who have to live in tents all year round because the government cannot afford to pay for decent accommodation for them. We have heard a lot of talk about destitution in Ontario. The minister should have a look at that northern part of Canada.

The Acting Speaker (Mr. Rinfret): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Some hon. Members: Carry on.

The Acting Speaker (Mr. Rinfret): Does the hon. member have unanimous consent of the house to conclude his speech?

An hon. Member: No.

[*Translation*]

Mr. Mongrain: On a point of order, Mr. Speaker. I would be willing to let the hon. member continue for one or two minutes to finish his sentence, but nothing more.

The Acting Speaker (Mr. Rinfret): Order. Does the hon. member for Yukon (Mr. Nielsen) have the unanimous consent of hon. members to continue his remarks?

Mr. Gauthier: No, Mr. Speaker.

Mr. Mongrain: On condition, Mr. Speaker, that it does not take more than a minute or two.

[*English*]

The Acting Speaker (Mr. Rinfret): I regret there is not unanimous consent.

[*Translation*]

Mr. Latulippe: Mr. Speaker, we are ready to allow him a couple of minutes in order that he may complete his sentence.

The Acting Speaker (Mr. Rinfret): Order. It is up to hon. members to make a decision in this matter. As far as I am concerned—I have

two ears to hear with—I clearly heard the hon. member say "no".

[*English*]

It was clearly asked if hon. members would permit the hon. member for Yukon to continue his speech and I heard one member say no. The word "no" means no, so the hon. member cannot pursue his speech.

Mr. Nielsen: On a question of privilege, Mr. Speaker, I was not trying to continue.

[*Translation*]

Mr. Mongrain: Mr. Speaker, if you will allow me—

The Acting Speaker (Mr. Rinfret): Order, please. Is the hon. member rising on a question of privilege?

Mr. Mongrain: Mr. Speaker, I rise on a question of privilege—

[*English*]

Mr. O'Keefe: Mr. Speaker, I rise on a question of privilege. In the course of the address by the hon. member for Yukon he questioned my absence from the house at one o'clock. I happened to be attending a function to which I was invited by Mr. Speaker. A number of members of the opposition were also in attendance, and it is possible that the hon. member was jealous because he had not received an invitation. I will certainly be happy to stand by my record of attendance in this house compared with that of the hon. member.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, if you will allow me, I shall first open a parenthesis to explain our attitude these last few days in this corner of the house. We have been demanding that all members follow the standing orders and speak no longer than the allotted time.

We understand that the government does not want to appear to gag the members and so did not insist so far. We also understand that the official opposition being so generous towards the government has also refrained. But we have observed that some members have abused the additional time we allow them and we have seen some speaking five, ten, or even fifteen minutes more than provided for in the standing orders, while others are deprived of their right to speak.

So it is our intention in this corner of the house—and I believe that members of the Ralliement Créditistes are of my opinion—to demand henceforth strict observance of the rules. We shall give at the most a couple of minutes to someone who has not finished his sentence or his speech.

That being said, Mr. Speaker, I invite the Minister of Finance (Mr. Sharp) to sit back and relax, because I shall not continue that cruel flagellation inflicted upon him for some time, as was the case for his colleague during the debate on the housing crisis. With my remarks, I shall even soothe his wounds with a little balm, and comfort him a little. To start with, however, I shall tell the house about an experiment which I carried out in my riding, which I recommend to all hon. members.

A few months ago, I sent to the 23,330 families in my new federal riding of Trois-Rivières, among which 487 are English-speaking, a questionnaire made up of ten specific questions to which I requested an answer.

• (3:20 p.m.)

I think it might be interesting for the house to have an idea of what the reaction was in the riding of Trois-Rivières. which comprises the city of Trois-Rivières and surrounding area. The city is the second French centre in North America, since it was founded in 1634.

This is how we dealt with the questionnaire. We sent it by mail. Naturally the member paid mailing charges, and not the government. The replies were sorted out by a committee of twelve people composed of Progressive Conservatives, New Democrats, Créditistes and Independents. I am sorry to say the Liberals excused themselves as they did not want to accept, but they were replaced by a team of journalists who, to my mind, probably guaranteed as much honesty and integrity.

I am saying it for the information of hon. members, to make things quite clear, because I would not like to accuse or blame anyone and I am saying it also to reassure everyone that the hon. member did not open the mail.

Out of the 23,330 questionnaires sent out, I received 4,136 answers, approximately 17 per cent. Some questions were cancelled in some cases because they had been left unanswered.

The first question read as follows:

In your opinion, should Quebec take part in the centennial celebrations?

The replies went as follows: 3,224 people said "yes", 512 said "no" and 135 said: Decide for us, you are better informed than we are.

The second question was as follows:

To solve the many labour conflicts are you in favour of the creation of labour courts with recognized jurisdictions?

To that question, 3,424 answered "yes", 166 answered "no", and the others did not answer.

Third question:

Should your member of parliament vote against a social measure, such as the increase of the old age pension to $105 a month, because it is supposed to be unconstitutional?

I had written "old age pension" instead of "guaranteed minimum salary" or "guaranteed minimum income". I was asking them:

Should your member of parliament vote against a social measure, in Ottawa, because it is supposed to be unconstitutional?

To this, 3,047 said "no, you should not vote against the measure", 679 said: "yes, you should vote against it".

This was the fourth question:

Do you think Quebec is ready to opt out of confederation?

Mr. Speaker, I would remind the house that Trois-Rivières is the second largest French-speaking city and a hot-bed of separatism, since the separatist convention is to be held there at the end of the week and we have in our university and normal school, professors who mostly teach separatism.

In spite of all this, 3,300 people answered: "No, Quebec is not ready to opt out of confederation", and only 508 said: "yes". However, 194 said: "We do not know, please decide for us."

Of course, I am not a separatist. The decision was already made: 3,500 said "no".

Fifth question:

Are you satisfied with the general attitude of your member of parliament?

I shall give the answer with all due modesty, which, as you know, is the strong point of independent members.

Mr. Côté (Longueuil): Do not give the answer.

Mr. Mongrain: The hon. Postmaster General says he already knows the answer and there is no need to give it. But in case others would not know it, I must point out that 3,496 answered in the affirmative and 186 in the negative, while 128 said: "Well, we do not know".

I would advise the hon. member for Lotbinière (Mr. Choquette) to try that one in his constituency, because I would be eager to see the answer.

[Mr. Mongrain.]

The sixth question was as follows:

Would it be advisable for your member to belong to a party?

Now, 2,027 electors said "no", as well as 300 or 400 other constituents, in all 2,524 who said: "No", or added: "We leave that matter to your discretion which, to me, means "no". There were 1,655 who said: "Yes, that I should belong to a party."

The seventh question read as follows:

If so, to which?

Now, 1,139 answered: "To the Liberal party" and 30 said "To the Conservative party."

Now, 104 opted for the New Democratic party, and 30 for the Créditiste party. May I remind you, Mr. Speaker, that the others, 2,524 in all, suggested that I remain unaffiliated.

Item 8 was as follows:

Do you think capital punishment should be retained in some cases?

In this case, opinion is clearly just as definite, as 3,256 said "yes". I should say, Mr. Speaker, that the meaning of this question had been clearly explained on my radio program to avoid any misunderstanding. I explained that, in my estimation, to retain capital punishment in some cases means, for instance, when evidence of the murder is beyond doubt, or in cases where the crime is more sordid than others. To this, 3,256 said "yes", and only 305 said "no".

I am saying this, Mr. Speaker, because I believe it is an experience that members should try in their own constituencies. They would have what I call mathematical replies to certain rumours spread all over the country, on the question of separatism for instance.

I know that at home a very great majority of my electors are now opposed to separatism, which does not mean that they object to it, that they are not very anxious for some constitutional reforms or for up-dating the British North America Act. But, we do not go as far as the excesses the newspapers refer to concerning separatism.

Mr. Speaker, the second item I would like to deal with is that I have been listening with considerable interest to the 36 or 37 speeches that were given on housing. You have doubtless observed that I rose 23 times to ask the floor. I am probably too far away from the Chair to catch your eye. Anyway, that is past and I listen to what is being said on the budget. I come to the following conclusion.

It did not dawn on me to blame the current Minister of Finance (Mr. Sharp) or the present government, because I am sure after hearing all this, that the opposition could not do any better. The present government, just like the opposition, if it were in power, is operating within a capitalistic system with absolutely rigid rules which the government cannot easily evade.

So I wonder whether it is not becoming stylish to be in a state of crisis because so far, that is all we have heard about. It seems to be a standard condition to be in a state of crisis. There is the housing crisis, the labour crisis, the cost of living crisis, the constitutional crisis, the peace or war crisis if you will and tax crises. There are crises on all over.

So I wonder if the state of crisis which is becoming constant, chronic and permanent, is not recognition that the capitalist system, which we call the private enterprise system, is nearing bankruptcy.

I wonder if the greatest favour the hon. Minister of Finance could do the big shots or the big wigs, if you prefer, of our capitalist system, of private enterprise, would not be to get them together in Montmorency or elsewhere, in camera, between four walls and to tell them this: Gentlemen, it is about time that you undertake your self-criticism, your self-examination, that you ask yourselves whether the time has not come for you to suggest reforms in the old capitalist system as it has been understood for centuries, before the people grow more discontented, before they ask you for a reckoning and start a rebellion because of the way things are.

In fact, look at the strikes happening all over one after the other, look at the rebellion of the labour movements against their leaders, even against injunctions, against the law. I say that one or two demagogues a little more daring than those we already have will be enough to kindle the spark which will blow up the barrel of gunpowder. We shall wake up some day with a more or less violent revolution if our capitalistic system does not undertake its self-criticism, if it does not call for the reforms which are essential in our times.

• (3:30 p.m.)

In 1967, people are no longer content to live as people did in 1937, 1947 and 1957 and, indeed as people did in 1867. In 1967, people want a more equitable sharing amongst the masses of the good things in life. The capitalist system, which imposes strict rules, which prevents governments from taking necessary steps, should endeavour to achieve that type of peaceful revolution which is now needed if the aspirations of the masses are to be met. Otherwise, I say it again, we will have revolutions. If the tycoons and magnates of capitalism are unwilling to indulge in self-criticism and reform, the government will be forced to propose drastic means. Otherwise, we will have far more serious and violent crises than we now have. Indeed, it will result in anarchy; the masses will revolt.

Mr. Speaker, some will think perhaps that I am raising a scare without good reason, but I ask all members of the house who are all men of good will to look into the problem dispassionately, without any regard to political partisanship—which must surely be a normal cause for concern, since the government must ward off the attack of the opposition—and to decide whether the time has not actually come for our private enterprise system to have enough sense to reform itself.

The Scriptures say, I believe, that it is easier for a camel to go through a needle's eye, than for a rich man to enter into the kingdom of God. That probably explains the obtuseness of our financial magnates and potentates who are always the last to understand the masses' demands for reform. They wait until the masses become violent. At the start, they blame the masses for their demands, their hunger, instead of asking themselves whether that hunger is not justified and should not be satisfied before the masses decide to take what they want, using whatever means are available to them, which means are not always consistent with the laws and customs of the country.

Mr. Speaker, after last week's discussion in respect of the housing crisis where we heard that this and that should be done, I think that the government should say: "Very well, so there is a housing crisis, but we cannot do any better under the circumstances". The hon. Minister of Finance has given us a brilliant explanation of the situation. The members of the opposition were saying: "This disaster came about because of the government's inefficiency". I for one do not believe in this inefficiency, and I do not think that the opposition would be more efficient. I believe that both parties are obliged to legislate within a system which does not permit, taking what I call the revolutionary measures required to fulfill today's needs.

We will not be able to curb, to hinder the demands of the masses, because, according to an old saying: "It's no use preaching to a hun-

gry man". And the Canadian people are hungry now, not only for food, for the good things that were made available by the Good Lord. When they are told that we are living in a wealthy country where the standard of living is one of the highest in the world, they say: We want our share. Whether we like it or not, we will have to give the people their share.

Mr. Speaker, I am therefore saying that the government—and I repeat it, so there will be no mistake—or the Minister of Finance would do well to convene between four walls, behind closed doors those who rule the country's finance, and invite them to do some self-examination and take the initiative in carrying out those reforms which are necessary, instead of being content with the old traditional methods which consist of raising interest rates and increasing taxes, with the result that the little fellow always gets the worst of it. Then he demands salary increases, of course, and thus contributes to the rise of the cost of living. As a matter of fact, he never gets anywhere, once he gets a 20 per cent wage increase, the cost of living rises by 30 per cent. He is never any better off.

Mr. Speaker, I will now leave this second topic and go on right away to the third one I wanted to discuss this afternoon. I will deal very briefly with what has come to be called national unity.

An unsuccessful attempt was made the other day to start an emergency debate on that matter. The answers to my questionnaire showed that in my riding people are not separatists. But, Mr. Speaker, I think that the time has come for everyone to make his position clear in that debate and I am one of those who are sorry that the federal government lost the initiative when a provincial premier hit upon the idea, which I find brilliant, of calling the provinces together and then claimed all the credit for this idea.

I am not saying that the federal government did nothing in that respect. I know that experts are studying constitutional matters to try and satisfy the aspirations of Quebec in particular and to bring the constitution up to date to meet the needs of 1967. But that is being done too discretely. I say the federal government should publicize what it does and not allow the provinces to upstage it. After all, it is the senior government and, up to a point its attitudes are incorrectly interpreted when it is too discreet. The Canadian people then say: The federal government does not want to revise the constitution, it delays unduly a solution to that problem.

I say that, from a psychological point of view, that is bad. It gives the provinces the opportunity to take an initiative which should, to say the least, be taken simultaneously by the federal and provincial authorities, in a spirit of good will.

I continue and say this, Mr. Speaker. The rest of the country should know that the province of Quebec is no more separatist probably than the province of British Columbia, and the publicity made in that respect is exaggerated. I have given mathematical proof of that back home with the figures I quoted earlier.

I know we have our angry young men. We have our angry young men who cannot forgive their fathers and forefathers for having failed, over the last hundred years, to take advantage of all the possibilities of the Canadian constitution; who cannot forgive their fathers and forefathers for having, during the past hundred years, let themselves be led down the garden path and believe myths instead of fulfilling themselves; who also cannot forgive their English-speaking fellow-citizens for having misunderstood them so long and for not having realized the existence there of a small group with a will to live and survive. Well those young men feel frustrated and indignant; sometimes they express their wrath in a violent way. I do not approve of them for expressing it thus, through anarchy and contempt of law. However, I am ready to make allowances for those who discuss this problem and who propose extremist solutions sincerely and within the framework of the law and of our democratic system because, as I said before, they are angry young men, made furious and frustrated by the indifference of their fathers and the neglect of others, their English-speaking fellow Canadians who should have tried to understand them.

What we ask for in Quebec, Mr. Speaker, is this: equality throughout the country, not only in our own province. We do not want to be a Quebec ghetto, but full-fledged Canadians. If I were going to live in Vancouver or Winnipeg, I would want—well, if I were alone perhaps I would not ask for so much—I would want what English Canadians have in my province. In my province, English Canadians have their schools, and they are addressed in their own language at school and at the municipal and provincial levels. They are members of our clubs and of our institutions. In our courts of justice, they are addressed and are allowed to speak in their own language. They are respected; they are

treated as members of the family. There is no segregation in our province.

Well, we want French Canadians to be treated likewise throughout the country; in short, that is what we are asking.

Of course, certain expressions are currently in use: reference is made to a special status, to associate states, to a continued federalism, to complete separatism. Mr. Speaker, I am one of those who share the views expressed by the Hon. Maurice Lamontagne and published in *Le Devoir* on September 25 last. With your permission, I would like to quote some excerpts of his statement in order to be well understood.

• (3:40 p.m.)

First of all, with regard to the special status, it is already in existence; this is nothing new. For 100 years, Quebec has been given special treatment, simply because our people are different from the rest of Canada, and we intend to stay different. We believe in unity through diversity.

So, Hon. Maurice Lamontagne wrote:

> The idea of a special status for Quebec, as such, should not scandalize anyone. In a supplement to *Le Devoir* published on this subject last June 30, Mr. Jacques-Yvon Morin showed that even several unitarian countries, while recognizing a special status for some areas, still continued to survive and develop. Also, in this supplement, Reverend Father Richard Arès recalled, not unnecessarily, that the Canadian constitution of 1867 granted a special status to Quebec.
>
> "Is Quebec not the only constitutionally bilingual province, the only one whose civil law is not merely different but protected by the constitution, the only one which is entitled to a fixed number of judges on the bench of the Supreme Court."
>
> The agreements made since then between the governments have emphasized that special situation. For example, Quebec is the only province which collects personal income tax and applies the opting out formula. Therefore, those who reject the idea of a special status do not realize that they are thus denouncing the constitution of 1867. Only the advocates of separatism or of the associate states can logically object to the principle of a special status. All those who favour federalism must support it.

I believe that is a sound doctrine, Mr. Speaker, and he states further:

> On the other hand, there are those who are tempted to suggest the more extreme forms of special status, because they believe that only a special status will allow Quebec to develop fully. In fact, those daring individuals often lack faith in the elemental strength of French Canadians. They think that the French-Canadian way of life is very fragile and, in wishing to protect it, they neglect standards of living.

I find the senator's comments very timely. That is the challenge we should give the French-Canadian youth at this time. They must compel recognition by their achievements in all fields, and they must not be afraid of representing but one-third of the population because the other two-thirds are not necessarily enemies; they will be members of the Canadian family where all will compete for achievement.

Mr. Speaker, I would like what my province wants to be understood in that light. Let Let there be no misunderstanding; French-Canadians do not want to dominate anyone. We merely want to live and enjoy an equal status with all other Canadians. We are even willing to learn English. Most of us are bilingual and we suggest that others, in other provinces, at least those who serve the public, should also do the same.

That is what we are asking. Let the other provinces grant us there what we grant English-speaking people in ours.

Mr. Speaker, in conclusion I say this. I advise the government to hurry and solve the constitutional problems. When I say that, I realize as others do that it must not be done too hurriedly either.

Here is an example. First of all, a general consensus should be arrived at in Quebec in regard to the exact details concerning the remodelling of the constitution. Agreement should be reached at least on that in Quebec.

But the people should also be aware that some good work is being done and I think the federal government is all too reticent in this respect. I think it does not stress enough the studies which are being carried out to try to brighten up the picture.

And I conclude in assuring my English-speaking colleagues—and I would ask them to kindly pass the word to their constituents—that Quebec will not be separatist unless it is forced into separatism through an enduring misunderstanding that would allow the continuation of a regime which has been called, and rightly so in many cases, a regime of injustice. Thank you.

[*English*]

Mr. Robert Stanbury (York-Scarborough): Mr. Speaker, in rising in this debate I do so neither to defend the government nor to condemn it though I might be tempted to do a little of each. Sometimes those who are backbenchers of the government party envy the position of independent members such as the hon. member for Trois-Rivières (Mr. Mongrain), who has just spoken, or of members of the opposition who do not have for the present, at least, the responsibilities of government. But in the light of what the hon. member for Trois-Rivières has said it is im-

portant to recognize the importance in this house of party divisions. There is a great value, as the distinguished Speaker of the British House of Commons told us today, in the party system which has served parliaments throughout the world so well through the years. Imperfect as it is, it seems better than any other system because through it our people are provided with alternatives which are essential to the choice of government in a democracy.

Despite obligations on members of the government party to arrive at positions to be put forward and supported for the sake of stability and progress, each of us has his individual points of view which he is entitled to advance in the house. I wish to put forward today a personal point of view which has not yet been accepted by the government but I hope it will be very soon.

Before doing so I wish to comment briefly on a suggestion that, not unexpectedly, has come from the opposition.

No matter what government is in power, I suppose, the opposition will always accuse it of not giving the leadership which the country deserves. I think that such an accusation does not rest well on the shoulders of this government. Its record caused me and I presume many of my fellow freshman members on this side to seek office. I need only mention some of the ways in which this government has attacked problems which had remained neglected in this country for generations. It attacked them with courage and determination and though it lacked a majority in the house it pressed these matters forward and on many measures obtained the acceptance of all parties. The government deserves the acclaim of the country for what it has done.

I wish to mention some of the ways in which this government attacked problems of illness, ignorance and old age. In the field of illness, the health resources fund has paved the way for an orderly application of equal opportunity for and equal access to medical care as well as for a more adequate research and training program for our doctors and nurses. The fund has poured hundreds of millions of dollars already into such facilities. I hope that by July 1, 1968, medical care plans of the provinces which wish to take advantage of federal legislation will open doors to better health for Canadians of all ages and all economic levels.

In the field of education, no government has poured more money than the present one has into improving opportunities for all Canadians to be better qualified to lead better lives and to provide more adequately for their families. No government has improved the lot of our older citizens more. It increased old age security payments and in addition brought in the very imaginative guaranteed income program which was introduced last year. That was done to meet the need where it seemed the greatest. This government also introduced the first contributory portable pension plan for Canadians so that Canadians would not have to depend on handouts from governments but could save through this plan for their own retirement.

• (3:50 p.m.)

This government has addressed itself to the problem of poverty which has been mentioned today by members of the opposition. It introduced a basically important measure to attack poverty, the Canada Assistance Plan, which permitted provinces to improve their welfare plans and reach those whose need is greatest. This is only one example I should like to mention in connection with the attack on poverty.

This government has also addressed itself to the question of patriotism. There is a feeling in Canada today that we are, more than anything else, Canadians. I believe this feeling has been encouraged and supported by the initiative which the government took to obtain the approval of parliament for a distinctive flag for Canada. This flag was chosen not by the government but by parliament, and it is becoming increasingly precious to all Canadians. This year I hope we shall also give ourselves a new, home-grown national anthem.

Having put forward these examples of the kind of leadership which the government has given this country during the few years in which it has been in office, I wish to express my satisfaction that the same kind of leadership is being demonstrated by the government in the economic circumstances we now face. I wish to express my appreciation of the fact that the government is tightening its belt and promises to do so even more drastically in the future. No one welcomes delay of desirable new programs but most Canadians will approve a determination to rein in the growth of government expenditure. If we in this house—and I include members on both sides—have not set a sufficiently good example in the past, it appears now that the government at least is intent on setting such an example. I hope that business, labour and individual Canadians will respond by showing at least comparable restraint. This is no

time for groups inside our country to be chasing advantage or trading recriminations. The need, now, is for cool realism.

This is what I hope I can bring to bear in the specific area of public policy with which I should like to deal thiis afternoon. We have heard a great deal in recent days about housing. I do not intend to thresh over again all that old straw. To me, it is apparent that the provinces have failed—it matters little whether through inability or inaction—to cope with the problems of our growing cities, an area which undoubtedly lies within their sphere of responsibility. It is clear that our national government—and Canadians wherever they live—cannot afford to allow this failure to persist, because it is one which prejudices the future of us all, and of our country.

The Economic Council of Canada in its fourth annual review recently released says, at page 173:

> It seems clear that the rising concentration of people in urban centres—and in the largest ones particularly—will continue to be closely interwoven with the projected increases in the population and labour force, and with the potential growth of output and demand in the Canadian economy.

The council observes further at page 191:

> There are glaring gaps in data and information, and research into urban problems in Canada is as yet extremely limited and fragmentary.

And, later:

> The regional and interurban aspects of city growth are relatively unexplored, and it appears that analytical and institutional arrangements for dealing with an emerging range of problems are scarcely developed. The task of dealing with these problems is urgent and should be a major preoccupation of provincial public policy.

I could not agree more. But is it a major preoccupation of provincial governments? Can our central government wait for provincial action or should it be galvanizing the provinces into action with a call for a concerted attack on the urban problems which will be central factors in our country's future development?

When I made my maiden speech in this house, as I had the honour of doing on the first day following the opening of this parliament, I proposed the establishment of a department of housing and urban affairs. As the representative of the most populous and fastest growing constituency in Canada I am naturally deeply concerned about the problems of urban growth. I said then that by the end of this century 90 per cent of Canadians would be urban dwellers, with probably almost half of us living in nine large cities. I called for a concentrated federal effort "to ensure for future generations a meaningful environment in the urban Canada of tomorrow".

Now, the Economic Council has told us that by 1980 over 80 per cent of our population will be urban, with 60 per cent concentrated in 29 cities or complexes of 100,000 or more residents. Further population increases, the council says, are likely to take place entirely in our cities; the pace of urbanization in Canada will continue to be one of the highest among the major industrial countries of the world. The economic benefits to be derived from urban concentration, according to the council, will thus continue to be an important factor in the longer-run rise of per capita output and income. The council goes on later to say:

> The dimensions of this challenge—of the need to provide adequately for urban housing, balanced transport systems, water supply and waste disposal, parks and recreation, the control of air pollution and many other urban services, all within a framework of efficient, orderly growth and an environment of improving quality—undoubtedly call for new and imaginative public policies involving all three levels of government, including new priorities in the allocation of resources.

Reference is then made to a broad range of social questions requiring attention as a result of the continued growth of our large cities. The report states:

> Many of these are closely related to the physical character of the big city and the adequacy of its services. Obvious among them are those of poverty and low income, of poor health and family breakdown, and of crime and delinquency, all of which are so frequently associated with low levels of education, bad housing, inadequate sanitation and general urban decay.
>
> More broadly, there are in our cities growing problems of divisive social segregation and stratification, of pressures upon the individual from the hurried pace of urban living, of conflicting conformity in the comfortable suburbs, and of anonymity and lack of identification in the face of the immensity of the big city. In all these further respects, the continued rapid expansion of large centres re-emphasizes a complex of challenges if the quality of human life is to be improved, if the fruits of economic progress are to be equitably shared, and if the human resources and human potential of an urban, industrial society are to be fully developed.

• (4:00 p.m.)

The message is surely clear, Mr. Speaker. These problems are primarily provincial but they are unquestionably national as well. I ask the government whether the time has not come to recognize the central importance of these urban problems in our country, and to recognize it by establishing a department of

urban affairs and housing? I suggest that the time has come, and I hope the government will consider this step as a means of focusing our national energies and attention on the urban shape of Canada's future.

Before completing my remarks, Mr. Speaker, I want to say a few words, not from the head but from the heart, about the unity of our country. I was encouraged by what the hon. member for Trois-Rivières (Mr. Mongrain) had to tell us about the views of his constituents. This summer I had the pleasure of spending a total of about four weeks in the province of Quebec, and I am pleased to say that I gained the same impression, that the people of Quebec are proud of their province, as are the people of each other province proud of their own, but above all they are Canadians.

As a member representing a Toronto riding I know there are Canadians whose language is English who cannot understand, or perhaps will not understand, the forces, the sentiments, the emotions that are present today in the province of Quebec. But I want to say to my colleagues from Quebec, and to my other colleagues in all parties whose mother language is French, I am convinced that by far the largest majority of Canadians outside Quebec would not feel as Canadian, would lose some of their pride in Canada if we were to lose that part of Canada which is the province of Quebec.

Any of us who have had any contact with Quebec, I am sure, feel it is as precious or almost as precious to us as is our own province. I hope the people of Quebec will feel the same about other parts of Canada. I hope there will be an increasing opportunity for Canadians of either official language, particularly young people, to travel across the country in order to understand better the language and the aspirations of our fellow Canadians.

We are approaching Thanksgiving weekend, Mr. Speaker. I think it would be trite to say that we have a great deal for which to be thankful. We in this country know we are faced with tremendous challenges. We know there is much that is not right, much that we can correct. But, Mr. Speaker, I think most of us in this house are convinced that nowhere in the world is there more opportunity to correct the wrongs of our society than there is in Canada, no other place in the world where the opportunity for a good life for ourselves and families is greater, and no country where the people have a greater opportunity to make a constructive contribution to the well being of their neighbours in other parts of the world. For this opportunity I am thankful, and I believe all hon. members of the house are thankful.

Some hon. Members: Hear, hear.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I would like to concur most heartily in the concluding remarks of the hon. member for York-Scarborough (Mr. Stanbury), arising as they did out of the statement made by the hon. member for Trois Rivières (Mr. Mongrain) about his province. In fact, I would like to say to the hon. member for Trois Rivières that anytime he would like to come to my constituency on Vancouver island and express the kind of ideas that he expressed here today, he would be more than welcome.

Unfortunately, all too often the kind of statement made by the hon. member about the feelings of the people of Quebec is not the kind that is reported in the press in British Columbia. I think many hon. members would agree with the assessment made by Mr. Blair Fraser in a recent radio program, "Looking Through the Papers", of the kind of reporting that is all too common in the English language press. He contrasted the reporting of statements originating in Quebec which create misunderstanding and distrust throughout the rest of the country, with reports of statements made by spokesmen endeavouring to put a constructive view on this confederation of ours.

In this debate there has been a good deal of discussion by the Minister of Finance (Mr. Sharp) and others about the balancing of national accounts. I would like to deal with that topic this afternoon, not in the context in which the minister was using that term but in the context of balancing accounts in a most important social and economic area of the life of our country, a context that gets right down to the roots of our relationships as individual human beings within the country. I am referring to the balancing of accounts that we still have to undertake with the native Indian population of Canada.

• (4:10 p.m.)

It does seem to me that if there is any one ethnic group or minority in this country which could properly be said to have a special status within our boundaries it is this group of people. Within the context of the current concept of human rights and freedoms which is rapidly spreading across the world, the status of these people is one of the most important and fundamental questions

with which this parliament is or should be seized today. In view of the fact it appears not too likely, so far as I can determine, that there will be an opportunity to discuss this question in the house in the immediate future, I should like to make some remarks about what is happening in this field as I observed it during the recess. The remarks I intend to make will be confined largely to my observations on the Pacific coast of Canada, and in particular to the area I represent within the boundaries of which some 5,000 to 6,000 Indian people live.

Perhaps it is unfortunate that because of the juxtaposition of other events, the initiative taken by the indian affairs committee to visit the Indian people across the country was not carried through. I am unaware of any current suggestion that this project of visiting various parts of Canada to see how the Indian people are living is to be followed in the immediate future.

First of all, let me make some comment on my view of what is happening in the field of education. I am very happy to report to the house that some of the experience I had this summer in respect of this area was happy and thrilling. I had the opportunity of attending a conference organized by the extension department of the University of British Columbia with some suggestions and co-operation on the part of the Indian affairs branch. It was so designed that discussions could be held amongst the teachers who are going to teach the Indian children. I am happy to say that as a result of sitting in on those meetings for the best part of a week, I came away pleased indeed with the attitude, approach and interest shown in respect of this whole question of education of Indian people. A great deal of interest was displayed by the teachers assembled at that conference and by some of the spokesmen who addressed the conference on various topics. These included a couple of anthropologists, education experts and one or two members of the administration of the Indian affairs branch.

At that time I was also able to visit one of the old style residential schools in the Alberni valley where I make my home. It has now been completely converted into a hostel for Indian children who are not able to attend school at home because of the isolated circumstances of the particular areas in which they live. I found that the interest and attitudes of the staff there were such that one could be proud of them. It is pleasing to know that the staff includes a man and woman who have special qualifications in the field of consultation and guidance, and special knowledge in depth of the requirements of children living away from home, particularly those Indian children under their guidance. They have a genuine interest not only in seeing that these children obtain a proper education but also that they find themselves a proper place in life as adult citizens of the country.

In the undercurrent of the discussions that took place about the fact that all of the children living in this hostel as well as the Indian children living on local reserves in the area are now going to public schools in the community, there was a growing interest and desire that some of the culture and values of life which are cherished in the traditional Indian way on the west coast are to be taught in the curriculum of these schools. In addition, some knowledge and appreciation of these things is to be spread among those of us who come from other ethnic origins. In this field, I am happy to say that I feel we are moving in a way which will better those who are most directly concerned in these activities, at least in that particular part of the country about which I am speaking.

Let me move now to what is happening in the field of housing and community development. We have heard a great deal of discussion in the house in recent days about the whole housing question and the needs of Canadian people generally in this regard. There have been announcements made by the minister responsible for Indian affairs in respect of several programs for housing for Indian people. Some time ago there was considerable fanfare when the minister announced a program under which he said $112 million would be spent in the field of housing and community development for the Indian people. At that time a great deal of interest was aroused, and it sounded like quite a bit of money until one realized that it was a five year program and that this money was to be spread across the whole of Canada. I asked myself what difference there was in the Indian communities of my area as a result of this policy. I am very sad to report that as far as any visible evidence is concerned the results are virtually nil. Because of the expectation built up in the minds of the Indian people that we were moving in this direction, there is a growing sense of frustration and a growing sense of scepticism as to whether or not we really mean business in this area.

Let me give you an example of what I have in mind. I visited a community on

Vancouver island which was slated to be visited by the committee, although this visit did not take place. Last Easter, when I visited this community and talked with members of the band council I found that they were expecting the arrival of components for four new houses to be built on their reserve. I had the opportunity of meeting one of the band councillors just before I came back to parliament and I asked him about these four houses. He informed me that they had seen no sign of them yet.

These houses were to be placed on a new town site or subdivision, as we call them in suburban terms. Let me take a minute or two to tell the house something about the kind of planning that went into this subdivision. It is beautifully laid out in sort of a crescent, at least on the map. I do not know why this particular area was chosen, but it was a mound of rock which took the shape of a regular hill. When I was there at Easter the work required to level if off had been partially done. Anyone who has had any association at all with mining will know what I mean when I say they had to drill and blast down three depths to level this off. They then pushed some sand up from the beach to fill in the holes and cracks in the rock. Out on the west coast we have a lot of rain, and the first big rain washed this sand out of the rock. A good deal of it spilled across the little grassy area around the school ruining the school playground.

Apparently they ran short of money and instead of putting the pipelines according to the plan in the rock trenches where they were supposed to be, they went straight across so that in some way or other these Indian people are going to have to get their water up to where the houses were supposed to be built.

• (4:20 p.m.)

As I said, the new houses which were to arrive last Easter are still not there. It seems to me therefore that so far as this program is concerned the government and the people responsible for the program generally have not much to be proud of, at least judging by what is happening in my particular area of the country.

Another matter about which I would like to speak for a few minutes has to do with the question of the constitutional and legal status of the Indian people. Some of us have had the opportunity to look at the first volume of the Hawthorn-Tremblay report which deals with this question in some detail. We know this is a matter which has been discussed and considered for quite some time. Various suggestions have been made with regard to action which may be taken in this field. I have in my hand a copy of a press release which was issued by the Department of Indian Affairs and Northern Development on September 21 of this year which quotes a statement made by the minister of that department on the same day. It reads as follows:

> —work is far advanced on preparation of a new Indian Act. "Working papers which will guide the legislative drafting people in the Department of Justice have been discussed with the National Indian Advisory Council and are now being reviewed by an inter-departmental committee," the minister said. "When the final review has been completed, the act itself will be prepared and representatives of the Indian people will be consulted further."

The press release continues as follows:

> The minister said that the act is being given highest priority both in the department and by the government but that there is a long standing commitment to consult the Indian people and this has inevitably slowed the process down a little.

I do not know what is meant by the phrase "slowed the process down a little" but I do know I listened to what the former superintendent general of Indian affairs had to say when he was speaking on the estimates of the branch for 1964-65 on August 14, 1964. The then minister of Indian affairs, Mr. Tremblay, was quoted as saying:

> It would also be my hope that we can begin to move ahead over the next year with appropriate amendments to the Indian Act.

We are now in the year 1967. The minister's reference at that time to "next year" meant 1965. Now, the present Minister of Indian Affairs and Northern Development (Mr. Laing) says that working papers are in the hands of the Department of Justice. I am not at all certain just what the minister meant when he said the act would be given a high priority. All I do know is that these matters have been dragging on far too long and that in the meantime the hopes of many Indian people for a better way of life are being frustrated as a result of the constriction imposed upon them by the present Indian Act which is in many respects outmoded.

Then again, speaking on his estimates in 1964, the minister said:

> Again, we are seeking to bring about the further extension to Indians of services normally available to other citizens. This will involve continuing consultation not only with the provinces and with other federal departments but with the Indians themselves—

He then continued in some detail about the efforts that were being made at that time to

work out new arrangements through a federal-provincial ministerial conference. It is true that some steps have been taken since that time. However, it is also true that quite recently one of the ministers of the government of British Columbia, speaking to a delegation of Indians who trecked to Victoria to see him, told them simply and bluntly that so far as he was concerned Indian welfare was the responsibility of the federal government. He said that unless the federal government was prepared to foot the complete bill he was not at all interested in them. Here again, so far as the area I represent is concerned, very few practical results have been achieved in meeting what is the declared desire of the Indian people in the coastal part of British Columbia to have the same rights and opportunities in the field of education and welfare as are enjoyed by the rest of the people living in that area.

Now I would like to turn to the question of the so-called Indian claims commission. We have had in this house many discussions on this matter extending over a good many years. Hon. members will recall that on December 19, 1963 a bill was introduced with regard to this matter, Bill C-130. It was introduced by the then minister of citizenship and immigration, Hon. René Tremblay. The government did not proceed with the bill. It was supposed to be studied across the country and the Indian people were to be given an opportunity to make representations regarding their attitude toward the bill, after which it was to come back to the house. Representations were made by the Indian people, and on May 3, 1965 another bill was introduced by the then minister of citizenship and immigration, Hon. J. R. Nicholson, Bill C-123. The new bill was virtually the same as the original draft bill, despite the respresentations which were made by the Indian people. Hon. members may recall that after some debate the bill ceased to exist as a result of the dissolution of parliament for the 1965 general election.

If I may say so, there has been a good deal of criticism about the various actions of the government and its ministers, some of it about the head of the present government. It is my own personal view that the most irresponsible action the present Prime Minister (Mr. Pearson) of this country has ever taken was the calling of that rather stupid and ill-fated election of 1965. I am not at all sure that he would quarrel too much with that description of it in view of the later events that took place. It was certainly a waste of time and effort when we could have been proceeding with a constructive program on such matters as the claims commission bill. However, the fact remains that this legislation has not been reintroduced since the 1965 general election. A particular circumstance has been given by the minister as the reason for its postponement. He said many times in the house that he was postponing the introduction of a new claims commission bill until the Indians in the province of British Columbia have had a chance to get together to discuss what they thought should be done about what is known as the British Columbia Indian land question.

On the day the house reconvened after the summer recess the minister was asked a question on this subject. His reply will be found on page 2433 of *Hansard*, as follows:

> Mr. Speaker, the situation in respect of the Indian claims commission is the same as it was when the house rose for the summer vacation. Representations are still being made to us by the Indians of British Columbia that it not be introduced until they have been given an opportunity to discuss the British Columbia land question. I have again advised them that we cannot wait much longer and that I expect we will have to introduce the bill at least by next spring.

• (4:30 p.m.)

Then there was a supplementary question by the hon. member for Middlesex West (Mr. Thomas), who asked:

> Can the minister advise the house whether he would consider setting up a deadline for the Indians of British Columbia to complete their representations so that the Indian claims commission could be set up?

The minister replied:

> Mr. Speaker, anything I have said to the Indians of British Columbia would make that quite possible.

I should like to suggest to the house and to the minister that the time has come when we in this house should stop pussyfooting around on this B.C. land question. I have no quarrel with the minister's suggesting to the Indians of British Columbia that they should get together and discuss or reappraise their thinking on the B.C. land question. But months and months have elapsed since they did that. The Indian people have met and held discussions. Not only that, but I can understand their difficulty in coming to a decision on the kind of statement they should make to the government and the parliament of Canada in view of the long and rather sorry history the whole question has had and the kind of treatment it has received from past governments and parliaments.

One of the principal reasons that I wanted to intervene for a little while in the debate this afternoon was to suggest that this government and this parliament should come to the conclusion the time has come to speak out on this question that is such a burning one to the Indians of British Columbia. Since the union of British Columbia with Canada, the Indians have maintained that there is a B.C. land question. I think the government and the parliament of Canada should admit that there is a B.C. land question. If we were prepared to make such a declaration, then the Indian people of British Columbia would have much less difficulty at this time in making up their minds what it is they want to say to us about the matter.

The fact that has to be brought home to this parliament generally, I believe, is that there is a basic difference between what has happened in British Columbia in respect to the Indian peoples and what has happened in the rest of Canada. There is, indeed, a basic difference between what has taken place in British Columbia and what has transpired in relation to the rights of aboriginal title to land in any other part of the world that was occupied by and came under the jurisdiction of the English crown.

Indeed, Mr. Speaker, there is a basic difference between what happened in British Columbia and what happened in the United States of America after that country became independent of the British crown. In fact, in no other part of the English speaking world or in the areas entered into by people from the British Isles was there such complete absence of recognition of any right of aboriginal title to land and all the things that derive from it as there was in the province of British Columbia.

Therefore, Mr. Speaker, in considering this question we in this parliament are dealing with a situation which is in many respects unique. We are dealing with a situation where the action that was taken in the past in this connection is no longer consistent with the kind of outlook that is generally acceptable to people in this day and age. I suggest it is our responsibility in this parliament to do what we can to redress the action that was taken in the past.

Across the rest of Canada, Mr. Speaker, we did at least go through the motions of entering into treaties with the Indian people regarding the surrendering of land. We arrived at certain agreements as a result of which certain areas of land were to be occupied by the Indians under a form of treaty which has been regarded by many courts as binding in many respects, in a manner similar to international treaties that are entered into between nation states.

However, Mr. Speaker, with the exception of a small area on the southern part of Vancouver island comprising, I believe, 358 square miles in relation to which certain treaties were entered into between the head of the Hudson Bay Company, Sir James Douglas, and the Indian people in the 1850's, and an area of something like 104,000 square miles in the northeast corner of the province of British Columbia on the eastern side of the Rockies, where part of what is now British Columbia is included in the area covered by treaty No. 8, which was concluded with the Indian peoples in 1899, we have consistently denied any right of aboriginal title to the Indians in the rest of the province now known as British Columbia. This is what we mean today when we talk of the B.C. land question.

As far as the rest of the country is concerned, when reserves were set aside for the Indians under treaties the grant in land area was worked out at 120 acres per family. After confederation with Canada, under which it was agreed that treatment would be as favourable by the dominion as it had been by the crown colony, the British Columbia government took the position that the lands for the Indian peoples should not be more than ten acres per family. The federal government of that day did induce British Columbia to increase the acreage to 20 acres, but that is still only one sixth of the land which was allowed to Indians in the other parts of the country.

The Acting Speaker (Mr. Richard): Order. I wish to advise the hon. member that his time has expired.

Mr. Barnett: Thank you, Mr. Speaker, I could go on if time allowed and say more on this subject. However, there will be further opportunity, though I hope I have said enough to seize the house of the importance of action in this field.

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, it is always a challenging privilege to stand in this august chamber before such energetic and enthusiastic benchers and speak on the budget or any other topic. I must say that I suppose in a way it is almost presumptuous of a lowly backbencher to address a few words to the house on a budget which has been prepared and delivered by the respected Minister of Finance (Mr. Sharp) with the assistance of his officials. But what

can a lowly backbencher or anybody else say about a budget that finds reception in the ears of the minister?

I should like to take this opportunity to speak about the many problems that face my particular area and some of the problems that face Canada as a whole. Perhaps as I know a little more about the housing, education and transportation problems in the eastern part of Canada I should let others more experienced and knowledgeable direct their remarks to the budget.

It occurs to me that not all of us can be ministers of finance; neither can the 20 million people in Canada be officials in his department. Nevertheless, I am sure that the officials in the minister's department as well as the minister himself would like to hear from some of the representatives of the people, even from the lowly backbencher, on the subject of the budget.

As far as lack of knowledge is concerned, the opportunity exists for members to read reports by bodies such as the Economic Council of Canada and by other economists on the budget.

• (4:40 p.m.)

For the minister's sake I think I can bend over backwards, and before becoming too critical perhaps I ought to look at the standards and guide lines which I might follow in this debate. I was surprised, of course, on looking back at a speech which our Prime Minister (Mr. Pearson) made in this chamber on April 17, 1962, when he was leader of the opposition, to find this as reported on page 3070 of *Hansard*. He was complaining about the economy and said:

> We have deficits and we have jobless too. That is the ultimate in mismanagement by government.

That surprised me. The Prime Minister, who was then opposition leader judged the government by the jobless figures and deficits; yet the Minister of Finance last Wednesday, by his speech here, admitted that we have a deficit of large proportions. What many Canadians do not appreciate, however, is that we have still many without jobs. It is not the numbers without jobs that disturbs this backbencher; it is the fact that since December, 1966, according to a statistical review, which is a publication of the Dominion Bureau of Statistics,—and I refer to volume 42 of that publication—the rate of unemployment, has been increasing.

The jobless have increased from over 272,000 to 334,000. In the light of the Prime Minister's statement when he was opposition leader and the minister's speech of last Wednesday, this is a paradox. Nevertheless, it was said that the previous government had mismanaged our affairs.

Something else in the minister's speech of last Wednesday surprised me, and editorial comment was made about this also. The minister suggested that Canadians may face hard tasks; that they may have to make hard decisions and practice restraint. The hon. member for York-Scarborough (Mr. Stanbury) talked about tightening the belt. These are interesting words. As reported in the *Globe and Mail* of February 28, 1963, the present Prime Minister said at Moncton:

> —setting the Canadian economy right is going to require unpleasant decisions by the government.

What happened between 1963 and 1967? Why had not unpleasant decisions been taken before now? When the Prime Minister referred some years ago to judging the government by its deficits and jobless, and then presents us with this situation, may we not ask: "What has been done; what unpleasant decisions have been taken so far as the economy is concerned?" Frontbenchers and backbenchers on this side may criticize the government's course of action.

The Minister of Finance (Mr. Sharp) is a courtly and kind man, but I do not think his speech of last Wednesday was courtly or kind to the Canadian taxpayer. He used words such as "readjustment", "moderation", "managing the prosperity", and others similar to that. Yet, within a short period previous to that statement we had had two emergency debates, one on housing and the other on the falling price of wheat. That is enough to colour any phrases the minister might wish to use in his budget speech.

I suggest that the minister's speech of Wednesday was a canvas of camouflage. There was lots of paint but no pattern. He swung his whitewash brush, colouring everything; yet he tells Canadians that they may only use a toothbrush. The pattern that the minister painted on Wednesday had a lot of red in it; that colour was offset only by the blank looks of embarrassment on the faces of many objective members on the government side. I detected a note of apathy in the way the minister's remarks were greeted by his colleagues. There was no resounding applause for the minister, no bending over backwards. To be fair, to appreciate the minister's difficulties, it must be understood that this country is growing. As a country grows, so do its problems. One might ask whether our

problems have not been caused through our growth.

A quick look at our population figures shows that for the last five years our population has been growing at approximately 1.9 per cent a year. One can say that our growth has been approximately 2 per cent per year during the last five years. This population growth would certainly lead to more federal employees being hired. Yet, when one looks at the total numbers of federal employees, one finds that they have increased out of all proportion to population. During the first two years of this government's tenure the increase in federal employees was related to this country's growth. Between 1963 and 1964 the number of federal employees increased by 1.2 per cent. In 1965 the number of federal employees increased by 2 per cent; between 1965 and 1966, the percentage increase in the number of federal employees was 5.5 per cent, which is more than twice the increase in the population.

When one looks at the payroll increase since 1963 one finds that it is out of all proportion to the increase in population. In 1963 it increased by 8.8 per cent over 1962; in 1964 it increased by 5 per cent over 1963; in 1965 the increase was 7.2 per cent over the previous year. These figures have been taken from December of one year to December of the next. The figures for 1966 show the extravagant and inflationary increase of 19.4 per cent over 1965 in the payroll of federal employees. When one looks at those figures there is reason for concern. I suggest, none the less, that these difficulties are within the minister's control.

The minister's difficulties may be summarized as problems of percentages. There is the 5½ per cent bank rate, the 11 per cent sales tax, the 8¼ per cent N.H.A. maximum mortgage rate and the 30 per cent increase in labour contracts which the government has condoned. These four percentages I suggest have brought the government to its present dilemma.

That there is a dilemma is evident from reading the minister's speech. While there is talk of easy money on the one hand, the high interest rate on mortgages will help to keep it tight. This minister reminds one of King Canute who tried to hold back the tide. He has repealed the law of supply and demand. How easy can money be when we have the highest N.H.A. interest rate that this country has ever seen.

The Minister of Labour (Mr. Nicholson) said that the increased N.H.A. interest rate would attract more private money into the housing field; yet he said that at a time when the investment portfolios of most private lending companies have already been allocated. At the same time, we heard a suggestion that the government might be interested in paying a rebate to offset the effects of the high interest rate. On the one hand we hear about increased interest rates and on the other hand ministers of the government suggest that a rebate might be paid to homeowners. Naturally, those who want to buy homes will be concerned about these remarks.

On Wednesday the minister suggested that he was slashing to the left and right to cut expenditures. I challenge the minister to show us where one red cent has been cut from any project or program of this fiscal year. Regardless of this fiscal year even, what has the minister removed by way of expenditure from next year's programs? He said that he had a sharp knife; yet I suggest that his knife will be dull when it comes to cutting. Every year the various departments prepare voluminous estimates for the next year; those estimates are always inflated and invariably reduced.

• (4:50 p.m.)

I challenge the minister to indicate where there has been one cent cut from this year's spending program. The hon. gentleman made his own definition of priorities when he spoke in the housing debate on October 2 as reported in *Hansard* at page 2731. He said, then:

> The test of people who believe in priorities is not what they put at the top but what they drop off at the bottom.

Using the minister's own test, I challenge him to tell the country what one red cent he has cut off the program during this fiscal year or what programs have been reduced or eliminated in next year's plans. It is all very well for him to suggest he has reduced the estimates by $650 million when those estimates have yet to come before the house. He well knows from his vast experience that reviews of spending proposals are carried out regularly each year. Rather than give the impression that the program has been slashed, he should come forward and admit that what has taken place is just the normal, annual exercise which takes place when the Treasury Board, or, finally, the government, reviews departmental estimates.

The estimates for next year have not yet come before the house. It is not true to say, therefore, that $650 million has been slashed from them. Again, I challenge the minister to tell us one project in connection with which

he has reduced expenditures by one cent this year, or, using his own test of priorities, to inform us what program he has eliminated from the bottom of the list.

The minister has not told us how many billions of dollars were in the estimates which were submitted to the government. The total could have been two billion dollars or more the first time the list got to somebody's desk for scrutiny. Those are not estimates, Mr. Speaker. I think the minister speaks with a forked tongue when he asks Canadians to exercise restraint and reduce expenditure in these circumstances. Unless he can answer some of these questions, we are entitled to believe the minister does not think about priorities.

Statements recently made by him have given rise to misconceptions. For instance, several Canadian newspapers carry headlines saying "Minister Slashes $650 Million" though in reality he has not cut a cent, yet. When considering lists of priorities we might refer to the words which were used in 1963 by the present Prime Minister (Mr. Pearson), then leader of the opposition, when he spoke in Moncton. He said that unpleasant decisions had to be made. The Minister of Finance (Mr. Sharp) cannot point his finger at the opposition and put the blame on them by saying "What did you vote against?". The government has to take its own responsibility. Let me call the attention of hon. members to the exchange last night between the minister and my hon. friend from Kamloops (Mr. Fulton) as reported at page 2865 of *Hansard* for October 5:

> Mr. Fulton: Would the minister say that if we had voted against it (medicare) that would have changed his position?
>
> Mr. Sharp: No, you supported it.

Even had we voted against the program, the government would still have implemented it.

The Acting Speaker (Mr. Tardif): It being five o'clock, the house will now proceed to the consideration of private member's bills as listed on today's order paper, namely, public bills and private bills.

Mr. McNulty: I believe there is general agreement to postpone private member's hour and continue with the budget debate.

Some hon. Members: Agreed.

Mr. Nowlan: Thank you. So often in this debate we have heard speakers across the way saying: "You suggested this; you voted for it."

• (5:00 p.m.)

It is the government which proposes legislation, and members of the government have to take the responsibility, regardless of what the Minister of Finance says about the way each side voted. I say to the minister, if you have a plan or program you are going to implement it, and you are not going to be affected by the way we vote.

Mr. Sharp: May I ask the hon. member a question. Is he saying that the opposition can be irresponsible without any consequences?

Mr. Nowlan: I did not say that, Mr. Speaker.

Mr. Sharp: That was the inference.

Mr. Nowlan: Frankly some of the statements made from the minister's side of the house have not been the most responsible statements on government policy. This is the opposition over here. The minister has the responsibility to implement programs. We do not have the responsibility of bringing programs before the house. We offer criticism. Sometimes it is expected to be negative criticism; sometimes it is expected to be positive, constructive criticism. To all the plans which the minister and his colleagues brought forward, we offered amendments time after time after time. But those amendments were defeated. The government has the responsibility to carry out its own programs.

Criticism must be expressed on this side of the house, unless you want the divine right of kings back again. Sometimes I find in statements from across the way there is too much of the divine right of kings flavour, particularly in some of the high-sounding philosophical statements made by ministers. If a party criticizes that does not mean it is irresponsible.

Taking a layman's approach to the problem, I ask how can one reconcile the 2 per cent growth in population over five years with a 19.4 per cent increase in salaries to federal civil servants between 1965 and 1966? How can one reconcile that 2 per cent growth in population with such huge increases in government expenditure?

I see the Minister of National Revenue (Mr. Benson) has just entered the chamber. It is always pleasant to see him here because he knows these facts and figures better than I do. I ask him how can he reconcile a 5.5 per cent increase in the number of federal employees between 1965 and 1966 with the normal growth of population in the country? It

is because the government has sanctioned this fantastic growth in the number of federal employees and such high payroll increases, together with the implementation of so many plans and programs, that the chickens are coming home to roost.

I suggest that the fundamental catalyst for the present economic difficulties that the Minister of Finance finds himself in was the government's involvement, either directly or indirectly—in one case most directly—in the settlement of labour disputes two years ago. It is rather pretentious to quote oneself, but I would like to refer to what I said when discussing the Minister of Labour's (Mr. Nicholson) estimates on June 22, 1966, as recorded at page 6771 of *Hansard* for that date.

On that occasion several members on this side of the house spoke of the fantastic seaway settlement wage increase of over 30 per cent, something with which the government was directly involved. That was the catalyst which stirred the present unrestrained inflationary trend across the country. At that time I said it was an albatross which would come back to choke the Minister of Labour and his colleagues. *Hansard* records my words as follows:

> In view of the participation directly or indirectly, and in both cases about which I am talking—

I was referring to the seaway settlement and to the stevedoring strike in Montreal.

> —it became direct in the last stages, of the federal government in negotiations which resulted in the approval of a 30 per cent increase over two years for the workers in two recent labour strikes, the federal government has been a party to a precedent for the settlement of labour problems in Canada for the next while. I suggest, Mr. Speaker, that this precedent is going to be in effect an economic albatross that will be hung around the neck of not only the Minister of Labour but the government as well.

That is just what has happened. Across the country we have had an inflationary spiral in wage settlements. You cannot blame the ordinary worker when he sees his brother, his colleague or his competitor getting a 30 per cent increase on a two year contract. Of course he is going to look for the same. It was the direct involvement of the government in the settlement of the seaway strike which was the catalyst.

It was the Pearson formula of over 30 per cent wage increases in those two settlements which was too expensive then, and is too expensive now for the country to digest. These settlements were so rich that the government and the economic climate of the country have been suffering indigestion ever since.

The taxpayer is suffering indigestion and the government is getting a bellyache. I think that the government had better pay attention before his bellyache becomes an ulcer. You can get rid of an ulcer in government by defeating the government, but if this particular ulcer stays too long with the taxpayer it just might burst. In this case the taxpayer is trying to tell government ministers that he has a bellyache.

I admit that municipal and provincial governments have also been responsible for increased expenditures, but the federal government must take responsibility. In 1963 the Prime Minister ran an election campaign on the theme that hard decisions, "unpleasant decisions" were his words, might have to be taken. I think it is difficult for the Minister of Finance, four years later, to come into this house and say Canadians now have to meet some unpleasant decisions.

The Acting Speaker (Mr. Tardif): I regret to interrupt the hon. member but the time allotted to him has expired.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, on reading again the statement made by the hon. Minister of Finance (Mr. Sharp) when he delivered the budget speech, one is led to believe that, in the Canadian government, there is no bureaucracy and that the minister is working alone, guided only by intuition.

He tells us that as early as June last, he had foreseen a rise in prices, an increase in unemployment. However, faced with the wishes of his masters in high finance, that is a raise in interest rates, he lost all his powers of soothsayer.

All of a sudden it is pitch dark for the minister; the crystal ball remains silent and, to console himself, he tells us that the same goes for all his friends who gathered around him last week for the picnic in Rio de Janeiro.

Then, the minister tells us, as given on page 2808 of *Hansard* for October 4:

> All of us agreed that never before had we been faced at one and the same time with easy money policies and high and rising interest rates. In the past, we have associated high interest rates with tight money. Now, for the first time, we have high and rising interest rates associated with easy money.

Further on, he adds:

> How do you combine prosperity with stability?

• (5:10 p.m.)

Prosperity has become a problem for the minister. Plenty, desired and deserved by the

workers, has become the first concern of the minister.

Yet, the minister should have foreseen that plenty would come, because all normal human beings work to improve their fate and, as a man, the Canadian worker has always tried to improve his fate and that of his peers.

To that end, he did not fear to join past experiences to the new discoveries and, concurrently, the methods and the tools have also been improved. High-yield machinery now contributes to the national production and would normally help to obtain a normal life.

Specialized workers through science and machinery contribute more and more to create plenty which is most natural in a country like ours where no significant war has occurred, where no damaging drought has happened, in short, a country which has always been considered as a rich country, blessed with immense and fertile plains, a country which has deserved the title of bread basket to the world.

Our country is also blessed with a land containing quantities of precious metals, a tremendous potential in electric power and rich forests—in fact, Canada is the first country in the world in the production of lumber, newsprint and pulp.

Whether in the field of oil or asbestos, our country is remarkably ahead and although our mines are hardly operated, compared to their physical possibilities, Canada is nevertheless among the most important exporting countries of the world.

In several areas, we are always holding a favoured rank, and we are classed fourth of all the nations of the world as an exporting country with an average of $864 per person, per Canadian, man, woman and child.

Comparatively, the United States are exporting only $270 worth per person, for a world average of $121 per person and all these records, we have set them in spite of the fact that our population represents after all only $\frac{1}{3}$ of 1 per cent of the world population.

In the post-war period, many things had to be rebuilt. For certain countries, these records were considered as a blessing from heaven but now, our wealth is becoming a problem, because we are the only ones to have something to sell.

Several other countries have surpluses and it is less and less true today to say that to live it is necessary to export. If, at a given moment, we have the impression that the figures are favorable on one side, it may be that they are less so on the other.

Intelligent people can very well discuss around a table but, in general it is the strongest who win. And more often that he should. Even before a government which seems satisfied, the Canadian citizen is the loser. When farmers are left with unsold fruits and vegetables, because we import too much at the wrong moment, when egg producers have to sell their production at a loss, in spite of a complete inability to supply the Canadian market, we say that some agreements are inconsistent. Faced with a surplus of eggs, Canada is entitled to export 9 per cent of its production to the United States. But when the shoe in on the other foot, when the United States have surpluses, the percentage granted to them under the Geneva agreement is far too high, considering their great capacity of production.

As far as automobiles are concerned, the agreements are also detrimental to Canada. If a Canadian dealer wants to get a Chevrolet, made in St. Therese, near Montreal, he will have to pay $3,400, when the same model sells for as low as $2,700 in the United States. That is a difference of $700; it was figured out and granted by our representatives at the signing of the Geneva agreement.

Canada is not the only country to deprive its citizens of their due, and the best illustration we have comes from Czechoslovakia in the field of imported shoes. For a pair of shoes which sells for $8 here, in Canada, the Czech people pay $12, that is one and a half more. And yet, we all know that the average salary, there, is $30 a month while that of the average Canadian worker is $250 a month. Therefore, those workers have to pay one and a half times more, with a salary ten times less.

In the case of automobiles, the Canadian people are deprived of their due. In the case of shoes, the people of Czechoslovakia are kept in slavery for the convenience of the small handful of businessmen who run this country. Should the Canadians always pay for the financiers who have enslaved the people of other countries? Should we go on importing textiles and shoes manufactured by slaves? How many factories should be closed in Canada? How many unemployed should we have before the government considers the market is upset?

In the communiqué No. 1 handed over to us by the hon. Minister of Trade and Commerce (Mr. Winters) and the hon. Minister of Finance, we find, on page 17, an article which

would empower us to cancel imports that tend to become prejudicial and I quote:

Reductions agreed to by the negotiating countries in the field of textiles are usually lower than those granted in other sectors. During the Kennedy round, the long term agreement on cotton textiles was renewed for another three-year period. (Under that agreement, importing countries can ask exporting countries to reduce their sales when the market is disorganized.)

We all know that as far as textile products and footwear are concerned, our markets are disorganized. I wonder when the minister will use that clause to protect our industries. I also wonder whether that clause would be ignored as was section 19 of the Geneva Convention in 1958.

I have already taken the liberty of discussing that matter in the house and, each time, it has been realized that the government was deriding the people.

The Manufacturers' Association have filed five briefs on May 14, 1964 concerning the serious situation of shoe manufacturers. When I pointed out the fact to the Minister of Trade, he not only overlooked the matter, but also made a false statement as reported on page 11824 of *Hansard* of January 16, when I asked the Minister of Trade what he intended to do concerning the disastrous situation of the shoe industry, has answered and I quote:

Mr. Speaker, this matter has been brought to my attention before and it is under consideration. It is a fact that imports of shoes have increased, but domestic production has substantially increased too.

I can only say, without being mistaken, that this statement is not only unfounded but entirely false, because in their report the shoe manufacturers quoted figures based on some data of the Dominion Bureau of Statistics. Those gentlemen informed us that shoe imports had increased by 8 million pairs from 1963 to 1966 while Canadian production had decreased by 1 million.

Since three years ago the minister still seems to ignore those demands.

It is obvious that the government does not care about small industries. Yet, the shoe industry employs 10,000 people in Ontario, 14,000 in Quebec and 15,000 more in related industries. That amounts to a total of 39,000 employees; the welfare and the livelihood of 125,000 Canadians is involved.

• (5:20 p.m.)

Last January 24, when I again quoted the recommendations contained in the brief of the shoe manufacturers association, the parliamentary secretary to the Minister of Trade and Commerce (Mr. Cantin) answered me:

The brief submitted to the Canadian committee on tariffs and trade by the Canadian Shoe Manufacturers Association was given careful consideration by officials of the Department of Trade and Commerce.

Then it was referred to the Canadian delegation at the GATT conference on tariffs; negotiations are presently under way at Geneva.

Well, we did get the answer in the Geneva agreements. There again, we found that the tariffs had been lowered by about 10 per cent for shoes imported from European countries.

It is realized that our representatives in Geneva did not prove equal to the task and the results of their efforts are merely added to the work done by other government officials who create problems for the Canadian people. This is absurd, because most Canadians are now facing insuperable problems. They are no longer able to handle their own affairs and to make both ends meet, because too many governments pick their pockets in order to balance their own budget or to enrich their friends of high finance. With regard to the federal government only, the Minister of Finance is giving, this year, to his friends $1,273 million in interest on the national debt, which means that the charges on our public debt are increasing constantly, and this does not seem to bother the minister.

Faced with this increase, he has again asked us, as may be seen in *Hansard* of October 4, to help him control inflation, and he also told us to exercise collective and individual restraint in respect to salary increases.

This is the approach of the Minister of Finance. He grants to a handful of his financial buddies an amount equal to a monthly family allowance of $25 for children. This is what he is giving to his friends.

We should not be surprised by these new ways of imposing taxes. War was used for imposing the tax deduction at the source, and when tax rates had to be increased, the parish priests were used. What would we not do to win a war? What would we not do, as Roman Catholics, knowing that our parish priests would help us?

When taxes were increased, taxpayers were told: "Don't worry. If you earn only about $3,000 or $4,000 and you have a receipt for charitable donations from your parish-priest, it won't cost you one penny more." But, at one point, inspectors walked into the rectories and refused the receipts of the parish-priests.

Last spring, to increase taxes further, we turned in pity towards the aged. What would we not have done for our elderly citizens? Once again, we accepted an increase in taxes, under the pretext that the old people would receive $105 per month. But now we realize that when a husband of 70 or 71 finally receives his $105 a month, his 65, 66 or 67-year old wife sees her old age assistance allowance reduced by the same amount, that is $30 per month. That is how the government helps the aged. When the new 11 per cent tax on building materials was introduced, to make things more palatable, a little $500 bonus was granted for the construction of a house. Two years later, once the system is under way, horses are changed in midstream and the $500 is withdrawn.

The 11 per cent tax on building materials is still the most debated, and yet, everything is taxed in Canada: cars, electrical household appliances, machines, furniture, clothes, footwear for men, women and children. Everything is taxed.

For a long time, it was even believed that food was tax free. However, a report from Manitoba has made known that on a 12 cent loaf of bread, 150 "tags" of all sorts bring the price of that loaf to 24 cents. Obviously, all Canadians are fleeced like sheep.

With a few laws, the government would make us believe in its war on poverty, but there are so many laws dipping into the pockets of fathers and mothers who bring up their children, that there is little doubt that the government is striving to make a poor man out of every worker. Throughout the province of Quebec, the destitute were inclined to think Montreal is an exceptional area, with great opportunities arising from Expo '67. At the same time, however, responsible people in Montreal were conducting a study of destitution, poverty and hardship in the city of Montreal. A report published in the May 5, 1967 issue *The Canadian Worker* contains the following passage:

> Proportion according to level or threshold:
>
> More than 55,800 families out of 217,000, or 20 per cent of the families living in the city of Montreal, and more than 27,000 families living in the suburbs, or 14 per cent, are poor. For the metropolitan area, this percentage is 17 per cent of families and 20 per cent of the population.
>
> In addition to the families which live on less than the vital minimum "necessary for a tolerable social and human existence", there are 50,000 families in Montreal, or an additional 18 per cent, who suffer from hardship and "whom a simple recession or slightly longer period of unemployment can reduce to the state of poverty they suffered during the depression".

That means from 1929 to 1939. And it is well remembered that at that time even the notaries, the lawyers, in short all those who had thought themselves very clever in financial matters, were living on the dole.

I continue:

> The margin in percentage amounts to 17 per cent of the total population in the metropolitan area, or 325,000 people.

The talk is always about families and to that individuals are added.

The article adds:

> The figure jumps from 706,830 to 1,032,000 people, or 48.6 per cent of the total population of the metropolitan area, who live in misery, poverty or deprivation.

Mr. Speaker, if the people of Montreal are poor, I am not afraid to say that such is the case throughout the province of Quebec, which I know best, because 50 per cent of our families earn less than $2,500 a year, and 50 per cent of the farmers have an income of less than $2,000 a year. Now, as far as Nova Scotia is concerned, of which we have heard about a little and from where come not only people of distinction but also important reports, I wish to refer to a report prepared by a Mr. Scott Wood, associate professor of economic research at Dalhousie University.

In his report, Mr. Wood tells us that in Nova Scotia 54,929 families or 36 per cent of the people are poor. The study shows that in the county of Cape Breton, 30 per cent of the people live in hardship; in Victoria county, 58 per cent; in other counties, 56, 57, and 63 per cent. We also know that in Nova Scotia 20 per cent of the families do not have running water in their homes, 20 per cent have no bathrooms or toilets in their homes. Therefore, it means that there is still a lot of work to be done on the part of every government, at the provincial as well as the federal level.

When statistics show that 60 per cent of the people lack the necessities of life in a country which has a gross production of $60 billion a year, or the equivalent of $3,000 for each man, woman and child, it can be said that the system is rotten and that the minister who supports it is also morally bad.

• (5:30 p.m.)

In a country where the production is $3,000 per capita, it is abnormal that married people earning $3,000 per annum should pay income tax. In a country where production amounts to $60 billion per annum, it is abnormal that family allowances should remain stationary at $6 or $7 after twenty years. In a country

in which the production amounts to $3,000 per capita, it is abnormal also that the recipients of old age assistance should have their pension reduced by $30 per month, allegedly because that of their spouse was increased by $30. In a country in which the production amounts to $60 billion per annum, it is abnormal that building materials should be taxed and become out of reach for those who would like to build a house for themselves. In a country in which the production amounts to $60 billion, it is abnormal that all consumer goods should bear taxes of all kinds.

Mr. Speaker, considering the great needs felt by the Canadian people in the presence of so many resources, the Minister of Finance (Mr. Sharp) should be charged of non-support and put in jail until he decides to cash out. But he could avoid the state prison if he used the bank of the state. He could go to that bank to obtain money, to obtain the capital he needs to finance public works. The government could also, with money from that bank, finance and increase all social benefits, the pensions for the blind, needy mothers, invalids, veterans or hospital insurance. The cost of all those benefits could be met. Naturally, by the Bank of Canada.

In a country whose Minister of Finance is certainly intellectually well endowed, it is odd for family allowances not to be increased to $25 a month for every child, that is, the equivalent of what the minister will pay this year just in interest on the debt, because, I shall say it again, the interest on the debt represents no more than $25 a month per child.

In a country whose national product is 60 billion a year, the government could encourage house building by replacing the 11 per cent sales tax by a 10 per cent discount on building materials. In a country whose gross product is $3,000 a year, per person, the sales tax should be removed on all products made and consumed in Canada, and replaced by a discount of 10 per cent. That would be a way of encouraging Canadian producers of preventing the breakdown of our industries and our commercial enterprises to the advantage of foreign products.

The Bank of Canada may allow through the Minister of Finance the humane financing of all our needs. In financing our public activities across the country, through the Bank of Canada, would also enable the minister to stop fleecing married men who earn less than $5,000 a year.

Mr. Speaker my most sincere hope is that the minister will glance at all my recommendations which have the support of the 20 million, the inhabitants of this country, the 22,000 voters of the riding of Portneuf which I have the honour of representing. I should like our $60 billion production to be used for the benefit of our people who richly deserve it.

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I shall first of all recall a rather sad event: tomorrow, one year will have elapsed since the Dorion tragedy which caused the death of many school children, in the riding of Vaudreuil-Soulanges.

During the last session, I had the opportunity to speak on many occasions and to urge the former minister of transport (Mr. Pickersgill) to take the most stringent safety measures to enable our citizens to use level crossings without endangering their life.

Therefore, it is on a rather grim note that I start my remarks, expressing hope that next year all necessary steps will be taken at all levels of administration to ensure maximum safety at level crossings.

Departing from that sad vein, I would now like to enjoy myself a little by recalling the recent convention of the Progressive Conservative party. The famous resolution passed by the political committee of the Conservative party to the effect that Canada is made up of two nations is certainly likely to raise a good laugh.

I feel that our friends opposite are not reminded enough of the resolution they passed, of the wish they expressed when they recognized the existence of two nations in Canada. I deplore the absence of the hon. member for Winnipeg North Centre (Mr. Churchill), one of the most fervent supporters of that resolution purporting the existence of two nations in our country, and I now wish to point out incidentally that the passage of such a resolution is nothing else than a concubinage with the Union Nationale party, in short, an attempt to gain the support of the Quebec premier, Mr. Daniel Johnson.

I have a feeling that this hoax of the Progressive Conservative party will be widely publicized so that the people will finally understand that it is nothing but bluff, because if this is really a two-nation country, there won't be any more federal-provincial conferences. No need for such conferences, with two nations within our border. There will be representatives of the French Canadian nation, facing their English Canadian counterparts.

If the Conservatives are sincere about applying this two-nation principle, they should

stop calling for federal-provincial conferences and just ask for meetings where representatives of both nations will discuss matters. If they do not do it, it is because they are neither sincere nor consistent.

On the other hand, Mr. Speaker, as I belong to a party whose philosophy is much more orthodox, being the doctrine of the Liberal party, I do not believe in this theory of the two nations. There may be on the cultural or sociological plan a nation that may be called French-Canadian, but there are certainly not two nations in Canada, because Ukrainians and Germans do not claim to belong to the English-Canadian nation, nor the people of Italian origin.

They are first of all Canadians, and if one wants them definitely to assume an extra title they may call themselves Canadians from Italian, German or Ukrainian origin. Therefore, the Tories went astray, which would be normal, since they err almost every day, or they lack sincerity. Our duty will then be to tell the population: "Those people are not sincere, they are not consistent, and despite the "new look" they want to sell us, they pretend to offer, they deserve to carry on without the confidence of the population, and the population will continue to deny them that confidence."

Now, Mr. Speaker—

[*English*]

Mr. MacDonald (Prince): I rise on a point of order, Mr. Speaker. While I am sure many hon. members on this side are grateful for the free publicity which the hon. member for Lotbinière is giving to the activities of our party, I fail to see what relationship his remarks have to the current amendment with regard to the budget.

The Acting Speaker (Mr. Tardif): It is very difficult for the Chair to find what point of order the hon. member is raising.

Mr. Choquette: It is a nice try, Mr. Speaker.

[*Translation*]

• (5:40 p.m.)

Mr. Speaker, I am now going to deal with another subject. Indeed, the hon. member for Prince (Mr. MacDonald) may be right when he says that politicians nowadays tend to discuss the constitution and I think we have a certain complaint to make about the press in general in this connection.

It is obvious, at the present time, that all the newspapers in Canada put a special emphasis on constitutional debates, on all statements pertaining to the constitution. I think this is unfortunate, because it is quite apparent that many politicians seek to make the headlines. They know that if they discuss the constitution they will succeed, so they try their best to deliver long speeches on the matter. Consequently, if the newspapers and the news media in general wanted to co-operate and to stop underlining the constitutional debates, we would probably be in a position to create a better climate of Canadian solidarity and to prevent, if you wish, the emergence of prejudices which are more and more difficult to eradicate.

As far as the constitution is concerned, I feel that we should tend more and more towards constitutional ecumenism, that is to say towards a situation where one option deserves as much consideration as the other.

There is no need to treat a separatist like an outcast; he is entitled to his own opinion. A dyed-in-the-wool monarchist is entitled to his own opinion, and it is respected. A man who believes that Canada is doomed to disappear is entitled to express his opinion.

I think we should steep ourselves in this ecumenical spirit and try to solve these problems as serenely as possible.

Nevertheless, I should like to express some reservations concerning the statements made by the hon. member for Trois-Rivières (Mr. Mongrain).

The hon. member told the house about a survey made in his riding. Firs of all, the findings of this survey, from the sociological point of view, are questionable, since the age, the profession or trade and the sex of those who answered the questions asked by the hon. member is unknown. For that reason, the results of this survey are of doubtful value.

From our experience, we who belong to the younger generation in Quebec, and this is our major concern, feel that separatism, of itself, is not dangerous. In respect to the present state of things, I say that separatism is not dangerous; what is dangerous, is latent separatism, by which I mean that in the heart of every French-speaking Canadian, there lies an emotional feeling toward secession.

This is normal, Mr. Speaker, there is nothing revolutionary in all this, and it is admitted by everyone, I think, that the older generation sees and considers Canada as its homeland. While the young generation which is certainly led by teachers, agitators, even by anarchists, is rather inclined to consider Quebec as its fatherland.

If 50 years hence, all the generations have been led to consider Quebec as their fatherland, it will be difficult to consider Canada otherwise than a mere economic common market. This is the danger, the possibility of separatism which any young Quebecer sets his heart on.

There is then a single solution, that is to create a Canadian ideal which does not exist, it is a fact. The Quebec citizen is quite indifferent to the Vancouver citizen. The Vancouver citizen is rather indifferent to the Newfoundland citizen. Canada is a big country not easily held together, although quick and easy means of communication raise great hopes. I think that the best way to create this Canadian ideal would be first to give some encouragement to the government—I mean government generally, not necessarily Liberal, Conservative or what have you. I mean government as such. The federal government should behave as it is beginning to do, in order to show that it is really the government of all Canadians. Let me explain.

An hon. Member: Don't forget the economic factor.

Mr. Choquette: I will come to that later on, Mr. Speaker. I am not as qualified in economic and monetary matters as my hon. friend, but I will try to talk on his own level shortly. I want to complete my remarks on that subject. I say that there is no Canadian ideal and that the best way to create an ideal is first of all to ask our government, the government of all Canadians, to act as if it were really the government of all Canadians.

I think that I will not offend my English-speaking colleagues in saying that from 1867 until a certain period—I do not want to quote figures, dates or years—clearly the Canadian government acted as if it were only the government of the majority of the population. The existence of the French fact was tolerated and the group was handled gingerly for electoral purposes.

This is indeed the truth. The turn of mind which inspired Durham's report has not completely vanished.

Let me give an example of what is happening. Since 1945 hundreds of thousands of immigrants have entered this country. The Canadian government is not at all concerned by the fact that all these people, ninety five per cent of them assimilate the English culture. I have nothing against the fact itself. I am glad that these people can speak English. I tell myself that if the government is not concerned, it is because it is not worried about the fact that the French ethnical identity is in danger.

Well, the present government, which acts as the government of all Canadians, feels it is its urgent duty to protect the French ethnical identity and the French fact because these are a valuable Canadian asset and the best bulwark against Americanization.

That is the way the Canadian government should act. This is not fanaticism, Mr. Speaker. It is a philosophy that must be inculcated into everyone, not only to members of parliament, because I think the members of parliament are the last to whom it should be inculcated.

The first thing to do is to go and see the people and tell them what is happening, because politicians like myself are men whose ideas are controversial, who often act for election purposes. There is no need to hide facts and this is a fact. There may be many, there are others who are perhaps above such contingencies, but one could say that the average politician—I do not mean only members of parliament, I mean those who look after elections—obviously acts with a view to election purposes. No one will deny that.

So, from that principle, the following conclusion is reached: It is for electoral purposes that the French fact was protected.

Today, thanks to a new philosophy, I would say that the present Prime Minister of Canada (Mr. Pearson), has enormously contributed to have the French fact considered as an integral part of the Canadian fact, that is to say that all English-speaking people in the country are proud to consider that there are millions of Canadians who speak French because that is the distinctive mark of our country, one which prevents us from being swamped on the North American continent.

That is the point I wanted to bring to the attention of my colleagues without fanaticism, asking them to make an effort so that the French fact may be a source of pride in this country and to that end, all the required efforts will be made so that the French fact might be reflected from sea to sea without infringing upon the vested rights and the freedoms to which all citizens are entitled.

• (5:50 p.m.)

To that end, Mr. Speaker, a further example of the failure of that feeling of pride in the French fact must be given. How is it that when some translation into French is called for, it is always by French-speaking members and those from Quebec, whereas a true Canadian citizen, proud of the French fact would say: Well, if the rights of French-

speaking Canadians are disregarded I, an English Canadian, protest against such a situation. If that happened, then we would say: Our English-speaking friends now realize that the French fact is an asset, they want to fight for it, to protect it, they want it to expand.

Unfortunately, it is not so, because every time there is something to be asked for on behalf of French-speaking Canadians, it has to be done by the French Canadians themselves and this gives us some kind of a complex, so that, I say it quite frankly, we are considered as a querulous people, always complaining, never satisfied, as a bunch crybabies. That is our sad lot, although if the English-speaking Canadians would make an effort and take the French fact as an asset, every time this fact would be in danger they would be first to ask for as much on our behalf as we could ourselves and then this would create a better climate of Canadian solidarity. That is what I have to say in all sincerity, Mr. Speaker.

There is another important factor, I think, if one wishes to contribute to the creation of a Canadian ideal. I am perhaps, thereby showing weakness because I arrived here in 1963. I am convinced that the Conservatives certainly thought that I was a fanatic, a narrow-minded man, a fellow who never wanted to co-operate, who wanted to Canadianize our institutions. It is not more serious than that, Mr. Speaker. I respect the constitution.

The hon. member for Winnipeg South Centre, whose sense of humour I admire, is an old parliamentarian, a keen, scheming fox, a pleasant, smiling, relaxed gentleman. I really love the hon. member for Winnipeg South Centre. He still tries to remind me of the fact that I unfortunately made some speeches asking for constitutional reforms, which would lead to a change in our present system so that we would have a constitutional monarchy. What a mortal sin. Imagine, I, a French-speaking member of the new generation have been told enough to ask that we should some day consider the feasibility of changing our constitution so that changes be made to the monarchic system, to the constitutional monarchy system. In fact, it is so serious that I have been accused of breaking an oath of office.

Mr. Speaker, our constitution is what it is. I shall continue to respect always the constitution and the monarchic system, it will be my duty to respect it and to consider it as a valid system.

Some hon. Members: Hear, hear.

Mr. Choquette: However, I certainly have the right to think that some day changes will be made. Such thinking does not involve any sacrilege, any scandal, and those who would want to deprive me of the right to promote such reforms, are those of the ilk of the hon. member for Winnipeg South Centre who are guilty of sacrilege because they have not understood the meaning of democracy.

Mr. Speaker, I shall go on. I have a few minutes left, at any rate, but I will come back to it on Tuesday—

Mr. Speaker, I am well known for my attendance. Some members opposite do not follow the instructions given by the new leader of the Conservative party, Mr. Robert Stanfield, who asked that absenteeism disappear from the house. A large number of his own members disobey the orders of their leader and I wonder what kind of authority he has on his party. Mr. Speaker I count 1,2,3,4,5 members, when their leader asked them to be present in the house. It is obvious that they are not pleased with the Conservative convention, since they do not respect the orders of their leader.

[*English*]

Mr. Aiken: Mr. Speaker, I rise on a point of order. I think the hon. member will permit me to point out that none of us can be very proud of the attendance on Friday afternoon.

[*Translation*]

The Acting Speaker (Mr. Tardif): I should like to be tolerant, but I should also remind the hon. member that he is not always in order.

Mr. Choquette: Thank you, Mr. Speaker. I will admit that my remarks had certain caricatural aspects; nevertheless, it is interesting to see that some hon. members are not in the house, although their leader requested them to attend. I feel sorry about this, for if I were asked by my leader to be in the house, I would remain in the house, because, it must be said, we of the Liberal party have faith in our leader. There lies the whole difference.

Now, I pointed out, Mr. Speaker, how the problem of Canadian fellowship could be solved in two ways. I should like to indicate a third solution. Much has been said about bilingualism, a subject that sometimes must be broached gingerly especially when one speaks in the vicinity of the hon. member for York-Humber (Mr. Cowan).

One thing is sure: the member for York-Humber, in whom I do not see a Liberal, is a man of frankness and courage.

Some hon. Members: Hear, hear.

Mr. Choquette: I admit it: he is frank and courageous.

Unfortunately, his philosophy is obsolete. His philosophy is rather conservative. Yet he has the right to express his views and I congratulate him for doing so with so much vigour.

Now, Mr. Speaker, here is what I have to say about bilingualism. It is obvious that to hope for all Canadians to become bilingual would be utopian, as has been said time and time again. But bilingualism does not mean complete bilingualism. Incidentally, I find it unpleasant when members, such as the member for Lapointe (Mr. Grégoire), for instance, demand that a clerk or a constable be bilingual. How can that be expected when even the members of the House of Commons are not bilingual?

What is being asked, for instance, is that all technical facilities be put at the disposal of the people so that they will have the right to express themselves in one of the official languages. That a member of the police force be bilingual, I do not have the right to insist on that; but I have the right to ask that my government see to it that when a French-speaking Canadian deals with it, all the human and technical resources are used to allow him to be understood. That is why I want to eradicate the prejudice which often results from statements such as those made by the hon. member for Lapointe who asks for bilingual R.C.M.P. officers. I cannot ask that a constable be bilingual when a member of parliament, who might be a lawyer or a doctor, is not even bilingual. But we have the right to ask the government to take every possible means in order that one or the other of the two official languages in the country be understood.

An hon. Member: Six o'clock.

Mr. Choquette: I see that my hon. friend from Newfoundland is in such agreement with my ideas that he is anxious to see me in the house on Tuesday next.

The Acting Speaker (Mr. Tardif): Order.

Mr. Choquette: I shall abide by your order, Mr. Speaker, and next Tuesday I shall continue my remarks.

The Acting Speaker (Mr. Tardif): Order. Pursuant to section 2 of standing order 4, the house stands adjourned until next Tuesday at 2.30 p.m.

[*English*]

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

HOUSE OF COMMONS

Tuesday, October 10, 1967

The house met at 2.30 p.m.

EXPO '67

PROPOSAL THAT EXHIBITION BE MADE PERMANENT

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I wish to address a question to the Prime Minister. Can the Prime Minister advise the house of the government's intentions regarding Mayor Drapeau's recently announced plan for making Expo a permanent exhibition in Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, so far as I know no decision has been reached in regard to the continuation of Expo or any of its facilities by the city of Montreal. We are carrying on discussions with the city and provincial authorities in regard to these matters because, of course, the federal government is obligated both under international agreement and under legislation passed by this house to wind up the exhibition corporation and Expo on, I think, October 29. That is our obligation, and we intend to fulfil that obligation.

Mr. G. H. Aiken (Parry Sound-Muskoka): A supplementary question, Mr. Speaker. Has the government reached a decision on the request of the directors of the Canadian National Exhibition in Toronto for the expansion of their exhibition grounds? This matter was presented to the government last year.

Mr. Pearson: I think, Mr. Speaker, the request was made last year that the federal government should concern itself with the study that was being made by the Canadian National Exhibition authorities as to the future development of the Canadian National Exhibition. That matter is still under consideration.

FINANCE

REPORT OF TASK FORCE RESPECTING FOREIGN OWNERSHIP IN CANADA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the President of the Privy Council. When does the minister expect to receive a report from the task force which was set up to look into the extent of ownership and control by United States investors in Canada? Has he received the report? If not, how soon does he expect it; also, will it be made available to members of parliament?

Hon. Walter L. Gordon (President of the Privy Council): Mr. Speaker, the task force is completing its work; I hope it will be finished by the end of this month or early in November. After that the cabinet will study the matter. I hope the cabinet will then approve a white paper on the study. The report of the task force itself is an internal matter, and I should not think it would be appropriate to make it public.

Mr. Douglas: A supplementary question, Mr. Speaker. May I ask the President of the Privy Council if he anticipates that after receipt of the report from the task force he will have legislation ready for the House of Commons during the present session.

Mr. Gordon: I would not think so, Mr. Speaker.

PURCHASE BY U.S. FIRM OF LAURA SECORD CANDY COMPANY

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): A supplementary question, Mr. Speaker. While we are on this matter I wish to ask the President of the Privy Council whether the government anticipates intervening in any way in the proposed sale of a Canadian institution, Laura Secord candies, to a United States concern, the Fanny Farmer candy company.

Mr. Speaker: Order, please. I doubt whether that is a supplementary question. Even if it were, I suggest that the hon. member might place it on the order paper.

[*Translation*]

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO CONFERENCE ON MONETARY POLICY

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to put a question to the Minister of Finance.

Inquiries of the Ministry

As we have had several federal-provincial conferences on taxation in Canada, is it the intention of the minister to convene a federal-provincial conference on Canada's monetary policy.

[*English*]

Hon. Mitchell Sharp (Minister of Finance): I meet with the ministers of finance toward the end of the year. I am hoping to meet with them earlier this year than last. The question of monetary policy is always discussed though it is not a specific item on the agenda.

EXTERNAL AFFAIRS

NATIONALIST CHINA—APPOINTMENT OF CANADIAN AMBASSADOR

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): My question is addressed to the Prime Minister. Following the discussions which were held the other day with the deputy prime minister of nationalist China, is it the intention of the government to appoint an ambassador to Taiwan?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. Our policy in this matter and our relations with Taiwan and continental China have not changed.

Mr. David MacDonald (Prince): Could the Prime Minister tell us whether there was any expression of view by the Canadian government in favour of self determination for Formosa?

Mr. Pearson: I do not think the subject came up in those terms. We did discuss with our guest from Taiwan, the vice premier, the whole situation with respect to China and to our policy with regard to China at the United Nations. We also heard from the vice premier a most interesting account of economic developments on the island of Taiwan.

Mr. MacDonald (Prince): Could the Prime Minister tell us whether an intimation was given that the Canadian government intended in the near future to recognize the government of mainland China by establishing diplomatic relationships with the mainland?

Mr. Pearson: We discussed that question in a general way along lines which will be familiar to the hon. gentleman.

[Mr. Caouette.]

MIDDLE EAST—ARMS SHIPMENTS TO ARAB NATIONS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I have a question for the Secretary of State for External Affairs. In view of large increases announced in expenditures on arms by the Soviet government and the statement that a large proportion of this increase is intended for the supply of arms to the Arab nations, can the minister tell us whether any discussions are going on with the Soviet government in an attempt to discourage the U.S.S.R. from creating an arms race in the Middle East?

Hon. Paul Martin (Secretary of State for External Affairs): The Canadian government has made known its support for a halt in the supply of arms to the countries in the Middle East. We have made that position known to the Soviet union as well as to some other countries. We ourselves are not shipping any arms to the Middle East.

Mr. Nesbitt: I am very glad to hear that Canada is making representations along the lines of my question. However, I was asking the hon. gentleman this. Are any discussions going on at this moment between Canada or any other friendly government and the Soviet government in an attempt to discourage the arms race in the Middle East?

Mr. Martin (Essex East): I do not know that I can give the hon. member any further information. He uses the phrase "at this very moment". We are not engaged in discussions with the Soviet union on this matter at this very moment but, as I say, the Soviet government knows our views in this regard.

Mr. David MacDonald (Prince): In view of the increases in expenditure on arms recently announced by both the U.S.S.R. and the United States, will the government be taking new initiatives in discussions which are presently going on in Geneva.

Mr. Martin (Essex East): The Canadian government is, of course, active as a member of the 18-power committee which is discussing disarmament in Geneva and, more particularly at this time, the proposed non-proliferation treaty. The Canadian government believes that disarmament is desirable and urgent, but it also believes that this should be undertaken in a way which involves both sides.

HIGHWAY SAFETY

INQUIRY AS TO CONSIDERATION OF COMMITTEE RECOMMENDATIONS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, may I direct a question either to the Minister of Justice or the Minister of Transport under whose departments I believe this problem comes. In view of the highway traffic death of 78 Canadians over the past week end, and of injuries to 700 more, may I ask whether either department is expediting action in line with the report of the justice and legal affairs committee, which action may save a few lives?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, as I indicated to the house the other day I expect an announcement will be made shortly. I expect either the Prime Minister or myself will be able to make a statement later this week.

FISHERIES

INQUIRY AS TO MEETING CONCERNING SEALING INDUSTRY

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, may I direct a question to the Minister of Fisheries. How many countries have been invited to attend an emergency meeting to discuss the crisis affecting the marketing of seal skins and its impact on the sealing industry, and where will this meeting be held?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, the meeting is taking place in Hamburg this week, attended by different member countries of ICNAF. During the meeting special discussions will take place on the seal situation, including the measures to be introduced for conservation of seals as well as the economic aspects of the industry. The countries taking part are Canada, Norway and Denmark.

AGRICULTURE

FEED GRAIN—REQUEST FOR STATEMENT ON FREIGHT SUBSIDY

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): Mr. Speaker, may I direct a question to the Minister of Forestry and Rural Development. Can the minister indicate when he will be prepared to inform the house of the terms of the freight subsidy on eastern feed grains?

Inquiries of the Ministry

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, last week I announced that a decision was to be taken by the board. That decision will be made public some time this week.

HOUSING

PROPOSED ASSISTANCE TO REDUCE COST OF LOANS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Prime Minister. Can he inform the house whether consideration has been given, or a decision reached, with respect to a Vancouver city council resolution passed on October 3 and conveyed to him on October 6, asking that the government of Canada introduce an arrangement similar in effect to the former winter construction bonus to offset the increased cost of home purchase loans.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I wonder if my hon. friend would let me take this question as notice. I shall try to reply tomorrow.

HEALTH AND WELFARE

MEDICARE—REQUEST FOR REVIEW OF LEGISLATION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, may I direct a question to the Prime Minister. Is he now in a position to answer my question with regard to a federal-provincial conference on medicare?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I received a communication last August, which I should have remembered when my hon. friend asked me this question last week, from the premier of New Brunswick, writing as chairman of the conference of provincial premiers which met in Fredericton. That letter brought to my attention the view of the conference that a conference with the federal government should be held on the subject of the implementation of medicare. I acknowledged that letter four days after I received it, saying the matter was under consideration by the government and when I had something definite to report I would write him again. The matter is still under consideration, and I hope to be in a position before long to reply to Mr. Robichaud.

Inquiries of the Ministry

Mr. Chatterton: Do I take it the government has been considering whether it would accede to the request for a federal-provincial conference, but no decision has been made?

Mr. Pearson: No decision has been made on the matter. We are conscious of the fact that there have been several conferences between federal and provincial authorities on this matter. We are now considering whether a request for an additional, a special conference should be considered, or whether this would be undesirable in present circumstances.

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON LEGISLATION TO BE DEALT WITH

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister. Has he yet had an opportunity to prepare a list of the proposed legislation that the government wants the House of Commons to discuss during this session? If he has this list I think it would be advisable to have it printed in *Hansard*.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my hon. friend has been very patient on this matter. The house leader has the list and he could read it out or, with the consent of the house, it could appear as an appendix to today's *Hansard*.

Mr. Starr: I suggest that he table it and that it be printed in *Hansard*.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I will table the list later today with the understanding that it will be printed in *Hansard*.

Mr. Speaker: Is this agreed?

Mr. Starr: Mr. Speaker, I suggest it be printed in *Hansard* as though an oral answer had been given, and that if possible the legislation be given in the order in which the government wishes it discussed.

Mr. Speaker: Is it the wish of the house that the minister's answer be taken as read?

Some hon. Members: Agreed.

[*Editor's Note: Text of the document referred to above is as follows*]:

The following are legislative items which the government will ask parliament to consider during the remainder of the second session of the 27th parliament.

A bill to amend the Criminal Code (capital punishment).

[Mr. Pearson.]

A bill to implement a broadcasting policy for Canada, to amend the Radio Act in consequence thereof and to enact other consequential and related provisions.

Bills consequent upon the budget resolutions.

A bill to amend the customs tariffs consequent upon the Kennedy round.

A bill to establish a department of corporate and consumer affairs.

A bill to establish the Canadian educational broadcasting agency.

A bill to amend the Patent Act and the Trade Marks Act (drugs).

A bill to amend the Canada Deposit Insurance Corporation Act.

A bill to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system for the period from the 1st day of January, 1967, to the 30th day of June, 1968, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

A bill to amend the Emergency Gold Mining Assistance Act.

A bill to amend the Currency, Mint and Exchange Fund Act and the Criminal Code.

A bill to amend the Post Office Act.

A bill to establish a Canada manpower and immigration council.

A bill to amend the Industrial Relations and Disputes Investigation Act.

A bill dealing with divorce legislation.

A bill to amend the Judges Act.

A bill to provide for the establishment of a Canada development corporation.

A bill to amend the Excise Act.

A bill to amend the Industrial Development Bank Act.

A bill to amend the Publication of Statutes Act.

A bill to amend the Unemployment Insurance Act.

A bill to amend the Food and Drugs Act.

A criminal law bill (Criminal Code amendments, Parole Act amendments, Prisons and Reformatories Act amendments, Penitentiaries Act amendments).

A bill to amend the Criminal Code (hate propaganda).

A bill to prohibit the sale and advertising of hazardous substances, to amend the Food and Drugs Act and the Narcotic Control Act and to make a consequential amendment to the Criminal Code.

In addition to the foregoing items, if time permits the government would also wish to have the following items of legislation considered by parliament during the same period.

A bill to amend the Government Employees Compensation Act.

A bill to amend the Historic Sites and Monuments Act.

A bill respecting the boundary between the province of British Columbia, and the Yukon and Northwest Territories.

A bill to amend the Canada Corporations Act.

A bill to establish a corporation for the administration of the national museums of Canada.

A bill respecting the armed forces of countries visiting Canada.

A bill respecting interprovincial and international teleferries.

A bill to provide for the dissolution of Northern Ontario Pipe Line Crown Corporation.

A bill to amend the Canada Evidence Act.

A bill with regard to investment companies.

[*Translation*]

PUBLIC SERVICE

REQUEST FOR REPORT ON BILINGUAL POLICY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put to the right hon. Prime Minister a question of which I have given him notice.

In 1966, the Prime Minister announced a new policy concerning bilingualism within the public service. Will the house soon receive a report on the implementation of this policy, and may we expect changes?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker; I would be very happy to make a report at the very earliest opportunity, perhaps on estimates. Such an appraisal would be too long to give at this time.

TRANSPORT

SAINT JOHN, N.B.—REMOVAL OF TOLLS ON HARBOUR BRIDGE

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Finance. Are negotiations under way with the province of New Brunswick with regard to the removal of tolls on the Saint John harbour bridge? If so, when will a decision be reached?

Mr. Speaker: Order, please. This question seems to be the type which should be placed on the order paper.

Mr. Bell (Saint John-Albert): May I rephrase the question, Mr. Speaker. Will the minister confirm the statement by the premier of New Brunswick that negotiations are now taking place with regard to this toll matter?

Mr. Speaker: Order. I do not think the supplementary question is acceptable.

Inquiries of the Ministry

AIR CANADA

WINNIPEG—REPORTED INTENTION TO PHASE OUT OVERHAUL BASE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. On Friday last in reply to questions the minister indicated that the government was giving consideration to the situation created by Air Canada's announcement that it intends to phase out the maintenance base at Winnipeg in 1969 or 1970. Is the minister yet in a position to give any indication concerning the results of that consideration?

Hon. Paul Hellyer (Minister of Transport): Not in a definitive way, Mr. Speaker, but I can assure my hon. friend that like him I have spent most of the week end thinking about it. I hope we will be able to come up with some satisfactory solution in the not too distant future.

Mr. Knowles: Would the minister be able to come up with something at ten o'clock in a night or two?

TRADE

WHEAT—DISCUSSIONS RESPECTING SALES TO RUSSIA OR CHINA

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, my question is for the Minister of Trade and Commerce but in his absence I should like to direct it to the minister acting for him at the present time. The question arises out of a report in the *Financial Times* of October 9. In view of the fact that Canada has an anticipated wheat crop of close to 600 million bushels, contrary to July forecasts of 400 million bushels, and in view of the unsettled world price for wheat, can the minister say whether any discussions are under way with either the Soviet union or China with regard to next year's sales?

I should like to ask another question in this regard. Are the reports true that no shipments of wheat have been made to China within the last six weeks?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I shall be glad to take the question as notice. The Minister of Trade and Commerce at the moment is in Tokyo in connection with wheat shipments for Japan.

Inquiries of the Ministry

NATIONAL DEFENCE

NORAD—DISCUSSIONS WITH U.S. RESPECTING RENEWAL OF AGREEMENT

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Has the government begun preliminary discussions with the government of the United States regarding the renewal of the NORAD agreement?

Hon. Paul Martin (Secretary of State for External Affairs): Discussions with the United States on this matter have begun.

[*Later:*]

Mr. Hees: Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the fact that discussions have commenced regarding the renewal of the NORAD agreement, when does the minister expect he will be in a position to report to the house on the progress being made and the conditions agreed upon during the discussions?

Mr. Martin (Essex East): Mr. Speaker, discussions on this matter have commenced, and at the appropriate moment the government will advise the house on the course it will follow in order that the house may approve or disapprove of the course to be followed.

Mr. Hees: Naturally that is apparent, but has the minister any idea when that might be?

Mr. Martin (Essex East): No, I have not.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question. Would the minister consider submitting the provisions of the renewed agreement to the parliamentary committee on external affairs in order that members of that committee may hear witnesses and obtain complete information regarding the terms of the agreement, assuming the government is going to renew it?

Mr. Martin (Essex East): Mr. Speaker, I would welcome an opportunity to have the government's policy on this or any other question reviewed by the committee on external affairs. It is the responsibility of the government, of course, to take a position with regard to foreign policy and then to ask the house for approval of that policy. That course will be followed and, as I said, we welcome the opportunity of discussing the government's policy in the external affairs committee.

[Mr. Pearson.]

Mr. Douglas: A supplementary question, Mr. Speaker. Am I to assume from the minister's answer that it is the government's intention to renew the NORAD agreement in so far as Canada is concerned?

Mr. Martin (Essex East): No, Mr. Speaker. What I have said is that discussions on this matter have begun.

COMBINES

REPORT OF ECONOMIC COUNCIL ON TIED AUTOMOTIVE SALES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, my question is for the Registrar General as the minister responsible for the Combines Investigation Act. Can the minister say whether the government has legislation ready now based upon the recommendation that tied sales, the practice of oil companies requiring service station dealers to buy from designated suppliers, should be outlawed?

Hon. John N. Turner (Registrar General): Mr. Speaker, when I met with the representatives of the service stations about a month or so ago I told them that the T.B.A. situation was referred to the Economic Council of Canada last year at the same time as a general reference on combines, and that there was nothing the government could do at the moment.

Mr. Prittie: Has the minister any idea when the Economic Council will make its report to him?

Mr. Turner: Before Dr. Deutsch left his position he told me the report, which is likely to be very complete and thorough, would not be brought down to the government before the fall of 1968.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I put a question to the Minister of Justice and Attorney General.

Has the minister been invited to the convention of the Quebec Liberal Federation which will be held next week end?

Mr. Speaker: Order.

Mr. Caouette: In any case, has he been invited?

Mr. Speaker: Order. In any case, that matter does not come under the administrative jurisdiction of the government.

[*English*]

TRANSPORT

REPORTED STATEMENT BY HEALTH MINISTER ON U.K. RAIL ABANDONMENT

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Minister of National Health and Welfare in relation to his representations to Prime Minister Wilson of the United Kingdom regarding railway abandonment on roads in Scotland. Will the minister make similar representations to our own Prime Minister in respect of the abandonment of the Cumberland railway in the minister's own constituency and the wharf and fishing harbour of—

Mr. Speaker: Order, please.

Mr. MacInnis (Cape Breton South): I should like to ask a supplementary question. Does the Prime Minister not consider that this representation made by one of his own ministers is an interference in the internal—

Mr. Speaker: Order, please.

NATIONAL DEFENCE

CONSIDERATION BY HOUSE COMMITTEE OF UNIFICATION ORDERS IN COUNCIL

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should not like to ignore the Minister of National Defence on his repatriation to his home land, and I welcome him back. I should like to ask whether it is his intention to honour the commitment of the previous minister of national defence to call a meeting of the defence committee to review the orders in council required by the unification of the armed forces legislation and the renewal or otherwise of the NATO and NORAD agreements. If that is his intention, will the minister inform the house when he anticipates calling that committee together?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I assure the hon. gentleman that I will give very serious consideration to this question.

LOSS OF PILOTS AND AIRCRAFT IN OVERSEAS SQUADRONS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I ask a further important question of the Minister of National Defence. I should like to ask the minister whether, in view of the heavy losses of a particular aircraft, the CF-104, and personnel in Canada's overseas squadrons, these aircraft will be grounded until the equipment control problems have been corrected. If not, what steps are being taken to protect the lives of our pilots engaged in a peace keeping mission in a peace keeping force?

Hon. Léo Cadieux (Minister of National Defence): First of all, Mr. Speaker, I do not think I would agree with the premise contained in the first part of the question of the hon. member. It is of course to be deplored whenever an accident occurs, but I think the statistics would reveal that our accident rate is lower than most of the other users of this particular aircraft. However, we continue to try to improve the safety features of the aircraft, and in particular we are also trying to improve the training program in respect of this aircraft.

Mr. Winch: A supplementary question, Mr. Speaker, in view of the remarks of the minister, does the minister not consider that the loss of 17 aircraft and 14 pilots is pretty serious?

Mr. Speaker: Order, please. The supplementary question is argumentative.

ATLANTIC DEVELOPMENT BOARD

INQUIRY AS TO COMPLETION OF DEVELOPMENT PLAN

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is for the Minister of National Health and Welfare in his capacity as reporting to the house for the Atlantic Development Board. When may we expect completion of the very important work being done on a comprehensive plan for the Atlantic region.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I hope to be speaking with the executive director of the board very shortly, at which time I will ask for up to date information on this point and relay it to my hon. friend.

HEALTH AND WELFARE

MEDICARE—PROVINCES PREPARED TO ENTER INTO AGREEMENT

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I should like to ask the Minister of National

Health and Welfare whether he is now aware of the number of provinces which have signified their intention of entering into a medicare agreement by July 1, 1968.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I am not sure I heard the first words of the question, but I understood the hon. member to be asking about the number of provinces which have signified their intention of being ready for medicare on July 1, 1968. There is no provision under the legislation by which provinces may make a formal declaration of intention for this purpose. When the plans are submitted by the provinces they will be considered by the government of Canada.

Mr. Brand: Then may I ask the minister how many provinces have submitted their applications to the government?

Mr. MacEachen: Mr. Speaker, there have been no formal plans submitted by any provinces at this point.

FREIGHT RATES

REQUEST FOR REVIEW OF NEW NON-CARLOAD RATES

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Transport. I ask whether any progress has been made with respect to the l.c.l. rates in the maritimes, about which there was considerable discussion and questioning last week.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I have undertaken some inquiries into this very complicated problem.

Mr. Bell (Saint John-Albert): A supplementary question, Mr. Speaker. Can the minister say whether he has arranged a meeting of the interested parties, in the hope that there will be a stay in this new rate structure that is so disastrous to maritime shippers?

Mr. Hellyer: My initial discussions are with the railways and the Canadian Transport Commission. Following those discussions I will consider what other action might be appropriate.

[*Translation*]

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, October 6, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith (p. 1197).

Mr. Speaker: The hon. member for Lotbinière.

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, to conclude the few remarks I made last Friday when I was given the opportunity to speak on the problem of Canadian unity, I should like to suggest that it might be advisable, in spite of the polls conducted among others, by the members for Trois-Rivières and Brome-Missisquoi (Messrs. Mongrain and Grafftey) to question the sociological value of those surveys, and to refrain from concluding categorically that separatism is not a threat in the province of Quebec for the simple reason that, in fact, it is not dangerous. There is nevertheless a separatist possibility which should be of concern and which might be combatted by a vigorous policy to consolidate Canadian unity.

May I, Mr. Speaker, suggest the following recommendations: first, I believe the government should take the initiative through the Canada Council or a department of cultural affairs, if there was one, of sending across the country the greatest names of the French-Canadian artistic community. They would certainly play a more important and a more effective role in promoting national unity than any election or political speech. I am sure for instance that Monique Leyrac would create a much deeper impression than any member giving out a patriotic speech. There should be an offensive whereby our artists would travel throughout the country to bring home the French fact within the framework of greater Canadian solidarity.

Secondly, I would suggest more frequent exchanges between all members from the province of Quebec sitting in this house. I know it has been tried before, particularly at the time of the Gordon affair, but election strategy is always taken into account. I should certainly favour having all members from the province of Quebec, notwithstanding their political affiliation—it is not quite what could be called a common front—holding more frequent exchanges to defend common interests.

Thirdly—this would bring a smile to the Minister of Justice and Attorney General (Mr. Trudeau) if he were here—I would support, Mr. Speaker, the initiative of the government or a subsidized organization calling not the

Estates General of French Canada, but the Estates General of Canadian unity, that is to say, I am sure the Estates General of French Canada will have an important role to play and will produce interesting results. But I believe that, after this initiative with interesting results, it might be appropriate to call right across Canada, if I may use an expression of the hon. member for Villeneuve (Mr. Caouette), some kind of get-together of everyone concerned in consolidating Canadian unity, people picked all over, among social clubs, various bodies and various associations, somewhat along the lines of the Estates General of French Canada.

Finally, Mr. Speaker, there is talk of a conference on language rights. This is also a most interesting initiative but, in my opinion, to say that French-speaking communities have the right to have a French school if they want one is no solution to the problem, which goes deeper. The real problem is that in a great part of Canada the French culture is as foreign as the Chinese or the Arab culture. The best solution is not to force a language or a culture on anyone, but to render French culture attractive to the majority of Canadians.

Mr. Speaker: Order.

Mr. Choquette: If the house will allow me to finish, I only need two minutes more.

Mr. Speaker: Order. The time allotted to the hon. member has now expired. Does the hon. member have unanimous consent to continue for two minutes?

Mr. Choquette: Only two minutes.

Some hon. Members: No.

Mr. Speaker: There is some objection.

[*English*]

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my remarks on the budget will be in an effort to try to put forward, as I have in the last two years, some ideas on the theory of budgeting which I think might be helpful to a minister of finance in trying to solve the problem of the high costs that assail our economy at the present time.

• (3:10 p.m.)

I am going to suggest at the outset that the time has come in Canada, and I suggest also in the United States, to do some serious thinking in connection with the basic doctrines that guide ministers of finance in budgeting. Since the late thirties the United States and Canada have accepted the principle enunciated by Lord Keynes. In essence this is the principle that by the actions of governments the ups and downs of the economic cycle could be reduced. The efforts of governments in the western democracies to employ the teachings of Lord Keynes have been remarkably successful, but I submit that at this stage of our economic history the application of Lord Keynes' doctrine of either putting tremendous expansionist forces to work in times of recession or of putting deflationary forces to work in times of inflation ought to be reconsidered.

I put forward that suggestion not with any thought of posing as an expert in these matters but rather as a person who is trying to see his way through the dilemma facing a minister of finance who is attempting to run the government of Canada along what appears to him to be a highway. When the minister finds he is running downhill too fast he tries to put on the brakes; when he slows down going up the next hill he tries to speed up a little.

If we use the doctrines of Lord Keynes they are, in the first instance, not applicable to Canada in their complete form, and second I submit they are the wrong approach to take. First of all let me examine the major premises of Lord Keynes. He argued that by the use of taxation power and monetary practices the state could slow down the rising tide of inflation. And he was right. However, the thing to remember, Mr. Speaker, is that he designed his theory for the United Kingdom. His theory was designed to meet the needs of a country that is completely homogeneous, a country which is very sophisticated in its industry, a country which is an importer of raw materials, a country which is an exporter of finished goods, a country which over most of its economic history has had a surplus in external account and, as a result, is thereby able to export capital.

Let us contrast the country for which Lord Keynes developed his theory, Mr. Speaker, with Canada. We find that obviously Canada is not an homogeneous country. Canada is a country of at least 12 if not 15 districts each with an economy different from that of any other section of the country. Second, Canada is not completely sophisticated in its industrial activities. We have a range from the very beginning of an industry up to industries which have been established for a long time and are able to compete world wide. In other words we have a great range of sophistication in our industry. Third, Mr. Speaker,

Canada is not an importer of raw materials; it is an exporter of raw materials. Fourth, Canada is an importer of finished goods. And finally we usually have a negative balance in external account, which means that we have to import capital to keep our expansion moving. This is quite proper.

I contend that on the strength of these five distinct differences alone there is reason to re-examine the application of the Keynesian doctrine to Canadian economics.

I intimated in my first sentence or so, Mr. Speaker, that I thought the same situation should prevail in the case of the United States, and I now come back to deal with that suggestion. There has been a great deal of thought about, and writing devoted to, this particular subject. One of the first moves made in Canada in this regard was the setting up of the Porter royal commission, which reported in 1964. A reading of chapter 20 of that report makes it very clear that the commissioners recognized that the application of monetary policy in Canada, separated as it was from fiscal policy, was ruinous to governments that have held office in this country. It ruined the St. Laurent government economically; it certainly ruined us, and I suspect that at times it has come close to ruining the present minister, as indicated last September when he came in with his baby budget.

Therefore, Mr. Speaker, it is apparent that those in Canada who have devoted their attention to this question have come up with the concept that something is wrong with the application of the doctrine of Lord Keynes. Since the Porter commission reported I think it is fair to say that our monetary policy and our fiscal policy have been co-ordinated in a much better way. As a matter of fact, with the change of the governor in 1961 there began to be a better synchronization of monetary and fiscal policy, and I cite that as one piece of evidence in support of my contention. The subject I am talking about now is not new to me or in any way original.

The second matter I should like to recall to the memory of the house is the second annual review of the Economic Council of Canada for December, 1965. This review was directed toward achieving a sustained and balanced economic growth. The whole volume deals with the suggestions of the Economic Council of Canada on how to face the fact that Canada is a country of regions; that within those regions there is great disparity of income, great disparity of education, and tremendous disparity of opportunity.

[Mr. Hamilton.]

The council suggested, as well as it could make suggestions in such a general type of volume, that government policy together with monetary and fiscal policy should be directed toward this regional character of Canada. At the end of the volume the council made certain recommendations, but I have seen evidence of only one of those suggestions in the budget that we have before us.

More fascinating still, Mr. Speaker, is the book which was published last December written by Walter Heller, the gentleman who served under President Kennedy and President Johnson as head of the council of economic advisers to the president. This book is called "New Dimensions of Political Economy" and it reached Canadian book stores last December. In this volume Walter Heller discusses the question of timing; of how governments are failing to apply the principles of Lord Keynes by not being able to move fast enough for various reasons.

I am not going to go into the detail of the various reasons governments are slow to move. In some states, because of the slowness of getting legislation through congress it is a very difficult task to give the executive power to move. We in Canada have a better system, Mr. Speaker. If the Minister of Finance asked us to give him certain powers to move either backward or forward, or sideways for that matter, then he would be given the power to move to the extent that statistics indicated that the country's policies should change direction.

I am aware that the minister is fully knowledgeable of this, and I congratulate him for showing an awareness that there is a weakness in the type of budgeting that governments in Canada adopt. However, in his budget speech last June he suggested that he was not yet ready to ask parliament to grant him this type of power. I suggest, Mr. Speaker, that the time has now come, and that in the next budget the house should be asked by the Minister of Finance—if he is a responsible minister—to give him the power to move, with timing suited to the need, so as to check the economy by, if necessary, slowing it down in any particular sector.

This brings me, Mr. Speaker, to my main point. So far I have suggested that the timing in the application of the techniques of controlling the economy has to be improved in Canada. Therefore I suggest that the timing of government action should not be made retroactive; that in future power be given the minister in our budget legislation to make moves either backward or forward in the

same fiscal year; and further, that if parliament is equally responsible it should grant the minister those powers.

In other words, Mr. Speaker, I am suggesting that we know enough now about controlling the economy through the actions of government that we can trust to the ability of those who are guiding the minister to use the appropriate measures quickly and effectively—if they can be stopped and started —particularly if industry knows in advance what the measures might be. This is why they have to be listed in budget legislation.

• (3:20 p.m.)

From close study of this question it is apparent that timing alone is not enough. Last year in my budget speech I suggested that we had to add a second principle to the doctrine of Lord Keynes. It is not a contradiction of Lord Keynes but a refinement of his doctrine, and is designed to meet the problems of regional development in Canada as well as the varying range of our industries in their sophistication and maturity. In my budget debate speech of April 29, 1965, I warned the minister of inflationary pressures, listing some of them, and I suggested some short and long term proposals. Nevertheless the budget of April, 1965, was an inflationary budget when the signs of inflation were there for all to see. That was a clear example of how the minister, instead of checking inflation after it had begun, fed gasoline to the flames.

That was in 1965. By February and March, 1966, it was clear that the economy was overheating. The overheating of 1965 and 1966 reached its peak in February and March of 1966, and almost all indicators showed that a decline was setting in. Yet two months later the minister brought in a budget that put on the brakes.

Here one sees that the economy was accelerating toward inflation and the minister added fuel to the flames; when the inflation had built up and turned down, he put on the brakes. The timing was out by almost 12 months. By the minister having made these mistakes in timing an argument could be made out to show that the government has failed to heed the warnings of a collection of statistics which show instantly what every indicator is doing. The public ought to know of these indicators, because were they heeded, before it became too late, we ought to be able to tell instantly when the economy begins to falter. There are 15 or 16 indicators.

Let me continue the unhappy story. In June of 1967 the minister brought in a program of heavy government spending. That was definitely an inflationary budget. This June, after the indicators had pointed steadily downward since March of 1966, he concluded that there was need for an inflationary budget and brought in an inflationary budget, just as the indicator had moved up again. Once again he was one year out of date. We are now told that the government is heavily pruning expenditures.

It is easy for those on this side of the house to condemn the minister for being one year too late. Really he suffers from not having a definite philosophy; he is not sure of the type of budget to bring down with the tools he has at hand. The emphasis now surely is on the need for better statistical information. The emphasis surely ought to be on giving the Minister of Finance a long range growth target. The evidence is surely clear that the means through which the minister may take instant action must be at his fingertips at all times.

I am suggesting, therefore, as my first major point that the timing procedure with respect to these matters must be improved in Canada. The way to do that is to give the minister certain powers. Many suggestions have been put forward. Certain powers could be given to him annually, for one year at a time, and they could be renewed as the house saw fit.

My second proposal, as I said earlier, has to do with selectivity. To project a picture that one may visualize, I suggest the Minister of Finance sitting behind the wheel of a car. This is what he does, too. As he is going downhill he sees a few icy patches ahead so he applies the brakes gently; but then he sees a hill and accelerates, and it is that vision he has in his mind when he thinks of a budget.

I suggest that because of the unusual nature of our country he should visualize himself as walking a tightrope. This tightrope is fixed; it undulates to a certain extent, yes, but the danger is that if he falls off to one side or the other he will fall into deflation or inflation. I suggest that is because Canada is a broken type of country, made up of regions. One region may have tremendous inflationary pressures such as we have seen these last two or three years in Toronto, Vancouver and Montreal; and if one were to think that all Canada is affected as these cities are the minister would be tempted to put on the brakes, clamp on the controls and slow down spending.

As he does that, though, there are dozens of other districts throughout the country—rural British Columbia, Abitibi in Quebec, Lac St. Jean in Quebec, Gaspé, the whole of the maritimes and the greater part of northern Ontario—which suffer from a surplus of manpower, a surplus of productive capacity. Are the brakes to be put on for those areas, too?

I described the last budget speech as a castor oil treatment. Three people out of 15 are sick, yet each of the 15 has to take castor oil. The minister must realize that fundamentally Canada is made up of a number of different regions, and where there is a need to put the brakes on for one area to hold down its costs, there is a need to add coal to another to enable it to gain speed. In the long run the cure for inflation is to cure its basic cause, which is lack of productivity. Increasing productivity, making sure that human and material resources are being fully utilized, in the long run is the best guarantee against inflation.

Mr. Wahn: May I ask the hon. member a question? In the opinion of the hon. member has inflation pretty well run its course? Ought we to be preparing deflationary policies?

Mr. Hamilton: In answering that question let me say that I am trying to outline for the hon. member the weakness of acting after the horse has left the barn. I am suggesting that at this stage the Minister of Finance is too late; the fuel has been poured on the fire. Nevertheless he should be doing several different things. If inflationary pressures affect two or three areas, that is no reason this coming spring to clamp a tight money policy on us all and slow down the entire country. I shall come to that in a minute.

Mr. Sharp: May I ask the hon. member a question? I find his speech most interesting. I wish to know what his indicators, that he has access to, now indicate for the future.

Mr. Hamilton: The Department of Trade and Commerce, which the minister once headed, publishes reports every month giving the various indicators. If one looks at the indicators for 1966 one will see that 15 or 16 are listed. These indicators show that the economy started turning down in February or March. I did not bring the data with me; I am trying to make a general speech on principle.

Returning to the question of selectivity, I suggest that it must apply to the monetary and fiscal sides simultaneously. The question to be asked here and now is, how can this be done? That is what I shall wind up with. I have said clearly and I hope emphatically that timing alone is not enough. There must be selectivity by regions and by industries. By regions, I think it has been indicated, one can clearly define an economic area.

I have seen tangible evidence within these last three or four years of what I talk about. Within a few miles of Montreal one finds an almost complete recession; if one goes through the towns of northern Ontario at this very moment one will see, when we are suffering from inflation in some cities, that there is unused manpower and unused capacity. It appears to me, therefore, beyond question that there is merit in trying to visualize monetary policy as applied to regions.

• (3:30 p.m.)

Let me turn now to a consideration of the effects of monetary and fiscal policy applied to industry. It is evident there are certain industries in Canada which have demonstrated year by year since 1961 that they possess competitive advantages over industries in other parts of the world, for example, in the United States. I gave one example the other day when I referred to the steel industry which was being hard pressed to meet the demands placed on it. This situation has since been corrected and steel has moved into a surplus position. I maintain that when we enjoy an advantage of this kind we in Canada should do everything possible to build up certain industries, not by imposing artificial restrictions at the border but by positive techniques using the laws of economics. The way to hurt such industries is to impose monetary restrictions making it difficult for them to gather the capital they need in order to expand.

It would seem wise, therefore, to select certain industries which are in the position of enjoying a comparative advantage and make sure we apply our fiscal and monetary policy on a selective basis so as to enable them to get still farther ahead. How could this be done? Well, we have the machinery at hand; it has been available to us all along. As a clue I intend to read a dispatch from Washington which appeared in the *Globe and Mail* of April 6, 1966. The headline reads: "Make Loans Selective, Fowler Tells Banks".

> Treasury Secretary Fowler yesterday urged banks to turn down or scale back the less deserving loan applications to help prevent an inflationary boom.

It's important, he said, that the turn to moderation in the growth of bank credit be accomplished without skyrocketing of interest rates.

How far seeing he was.

Raising the price of money, he asserted, "should not—and need not—be the only means of determining which applicants get the loans."

I could read further to illustrate the way in which Mr. Fowler is suggesting to the United States banks—and there are hundreds of thousands of them—that they should take on the job of being selective in the credit they allow.

What about Canada? We do not have thousands of banks; in fact, we have fewer than ten. The banks have always professed a desire to participate in carrying out monetary policy. We well remember the clashes which have taken place between the banks and the Bank of Canada over the years. If the banks want a chance to help carry out fiscal policy there is an obvious way in which they can do so. Suppose, for example, there were heavy inflationary pressures in the big cities of Montreal, Toronto and Vancouver and it was thought wise to impose a curb. It would be of very little use to cut down the total number of loans made across Canada by, say, 10 per cent because 90 per cent of the loans made would still go to the big cities, leaving even less in all probability for the marginal areas. If there really were a desire to restrict the amount of credit from the big cities this could be brought about by making a serious reduction in the amounts of money placed at the disposal of those cities. Such a step might in turn encourage the banks to make more money available in the marginal areas.

All I know is that nothing of this kind is being done at the present time and there is no harm in trying. It could be done by zones. The machinery is there. Canada at this moment is not in any danger economically, I would suggest. The danger arises from our lack of ability to guide the system.

Mr. Speaker: Order. The hon. member's time has expired. Has he the consent of the house to continue beyond his alloted time?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Speaker: There is a dissenting voice. Perhaps it could be made clear for the benefit of the Chair whether there is agreement. Is there unanimous agreement?

Some hon. Members: No.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, in this our centennial year all of us are proud to be Canadians. We have, I believe, wrought a miracle out of a "few acres of snow", as Voltaire once described Canadian colonies.

In the space of a short 100 years, hardly a moment in the history of America and a mere speck of time in the larger history of humankind, we have wrought a nation that stands second on this earth in the only important task, that of providing a better life for all its people. This is the only criterion by which we may ultimately judge a political entity, as illustrated in Rousseau's famous utterance that "all the world is people and what is not people is not worth the counting".

More remarkable still is the fact that in doing this we have won the respect of all the people on the earth. We have played a role in the councils of the world which has been far beyond our numbers and political power. In both war and peace we have discharged our international obligations with the same amazing capacity that we have applied to our domestic ones.

Of all this we may and should be justly proud, and in our centennial year we Canadians have had the opportunity to pause and examine these wonders so that we could truly realize our national potential in the light of our proud beginnings. Our future greatness will come from nowhere but from within ourselves.

On this hundredth anniversary of our confederation I am also proud to be a Liberal and a member of this government. Our leader has been largely responsible for the respect we enjoy in the world community. After five years under this government the economy is strong and employment is at its highest level in the history of our country. Unemployment is low—this may be attested by the premier of Ontario who goes about the province boasting about how low it is—largely as a result of the federal government's efforts. The problems we face today are generally problems of affluence, not of depression. The problems we face are those of maintaining prosperity while preventing the overheating of our economy resulting in high prices and high wages.

The government and the country are in a strong financial position and we intend to keep it that way. There will be no repetition of the 1962 crisis which occurred under the

last Tory government. The Minister of Finance (Mr. Sharp) set out as our aim in 1968-69 a balanced budget on a national accounts basis and the government intends to achieve this.

Mr. Ricard: When?

Mr. Benson: The federal government of Canada is the biggest business in our country and it needs to be run as such. Government expenditures are always a source of worry, and so they should be in many areas. The Economic Council of Canada in its fourth annual review urged the need to develop procedures for controlling the size and structure of federal government expenditures. I do not for a moment deprecate the competence and wisdom of the members of the Economic Council but I wish to take this occasion to point out to the house that in the past four years the government has taken very positive steps in the direction indicated by the council. Indeed, at the present time the government of Canada in many ways leads other governments throughout the world in the development of sophisticated new methods to ensure that every cent of the taxpayers' dollar yields optimum advantages to this country.

• (3:40 p.m.)

A few days ago my colleague, the Minister of Finance, pointed out the dangers of inflation, that the government's objective for the next fiscal year is to reduce the budget deficit substantially below the level of the current fiscal year, and what strong and positive steps had already been taken to reduce federal expenditures. I join with my colleague in his concern but I also wish to bring to the attention of hon. members in the course of this speech that these reductions will be made on a consistent basis. Reductions in every major department of government have taken place under our budget exercise for 1968-69.

Mr. Monteith: May I ask a question?

Mr. Benson: The opposition can criticize plans but this is no reason for us to give them our ideas for future programs which we have postponed. We know how sterile they are with respect to ideas and there is no reason why we should give them our ideas of future government expenditures which may occur when we can afford to undertake them.

Mr. Nowlan: May I ask the minister a question?

[Mr. Benson.]

Mr. Benson: Mr. Speaker, my speech will be rather long. If I have time at the end I would be most glad to answer questions.

Mr. Bell (Carleton): This is the third minister of finance speaking.

Mr. Benson: Mr. Speaker, some programs which the government has undertaken cannot be measured in pure financial terms. These include programs such as family allowances, supplementary old age pensions, the Canada Assistance Plan, health insurance, and medicare which is to be introduced in 1968, all programs of Liberal governments. These are programs for people and they must be continued by this government. After all, we are a Liberal government and our first priority is to look after the ordinary people of this country.

Some hon. Members: Hear, hear.

Mr. Benson: Mr. Speaker, there are other programs which cannot be curtailed, programs that are essential in dealing with the particular problems of regional growth. These are programs such as manpower retraining, ARDA, the Atlantic Development Board, and the area development program. These must be proceeded with no matter what else the government may have to do.

The house should recall that out of the current budget of $9½ billion almost 50 per cent of the total budget falls into a category of expenditures which are required by statute or which represent long-term commitments to international organizations of which Canada is a member. Of this percentage over two thirds represents public debt charges, direct payments to other levels of government, hospital insurance and family and youth allowances. As an example I might state that because of population growth the increase in hospitalization costs in the past five years has been in excess of $150 million, and the increase in family allowances because of the growth in our population over the same period has amounted to almost $90 million. Employment stimulation and price support for agricultural products represent another significant percentage.

There remains, then, some $4 billion over which the government can exercise more direct control. This afternoon I would like to report to the house on what the Treasury Board has done and is planning to do in this area, but first I think it appropriate to place these very important matters in their historical perspective.

It will be recalled that when the Glassco commission recognized the need to strengthen government control over expenditures the prime organizational recommendation was the separation of the Treasury Board from the Department of Finance, including the creation of a new portfolio, the President of the Treasury Board.

On January 20, 1964, the Prime Minister (Mr. Pearson) announced that the government had approved these proposals and intended to proceed with appropriate legislation. On February 3, 1964, the present Minister of Public Works (Mr. McIlraith) was appointed President of the Privy Council and vice chairman of the Treasury Board so that he could begin implementation of this phase of the Glassco commission recommendations. In May of the same year, Dr. George Davidson, who had been a senior deputy minister for more than 15 years and more recently director of the bureau of government organization, was appointed secretary of the Treasury Board. On December 18, 1965, the Prime Minister appointed me to succeed the Minister of Public Works as vice chairman of the Treasury Board, and on October 3, 1966, when parliament approved the Government Organization Act I had the honour of being appointed the first President of the Treasury Board. With these changes we were in a position to begin the development of the role of the Treasury Board as manager of the public service and to upgrade federal government management firmly along the lines recommended by the Glassco commission.

In 1962 the Glassco commission in its report on financial management made an extensive set of recommendations designed to provide more effective departmental control of existing operations, improved governmental assessment and control of both new and existing programs, and more complete and meaningful information on public expenditures to parliament.

In the summer of 1963, as a result of Treasury Board urging, four departments hired consultants to test the efficacy of the Glassco proposals aimed at improved departmental control of operations. The consultants were also instructed to recommend a detailed plan of implementation. Following a favourable report from these consultants the Treasury Board authorized the four departments, Transport, Agriculture, Northern Affairs and National Resources, and Veterans Aflairs to implement the consultants' recommendations. Later, as a result of further Treasury Board urging, additional departments began the introduction of these modern financial management techniques.

As a means of assisting departments in this work the Treasury Board in 1964 authorized the comptroller of the treasury to create a consulting group known as "Accounting Advisory Services," and in 1965 we were in a position to authorize to certain key departments the issue of a preliminary version of a guide on financial management. In 1966 we approved the issue of all departments and agencies of the government of Canada of a final version of this comprehensive guide. We are proud to have been associated with this guide which has received international acclaim.

The new emphasis that we in the Treasury Board have placed on improved control by departments over operations has led to the appointment of a number of senior comptrollers from prviate industry to positions of chief finance officer in departments, and has resulted in an extensive training program in financial management in the government service carried out in co-operation with the professional accounting societies.

I think that all members of this house should be aware that as a result of the financial management improvement program which is now in its fourth year a majority of the departments and agencies are concentrating on a drive toward improving the management control of existing operations, and that the Treasury Board is gaining access to more meaningful data to exercise its central managerial role.

I might add that the Treasury Board is giving active consideration to proposing to parliament further amendments to the Financial Administration Act. These amendments would, in a phased and orderly fashion, shift certain responsibilities for pre-audit and commitment control of government expenditures from the comptroller of the treasury to the various departments of government. Should these amendments be approved by parliament it will mean that the government has implemented all the important recommendations made by the Glassco commission in its report on financial management. In this regard I would invite hon. members opposite and the public accounts committee to inquire concerning progress on specific recommendations made by the Glassco commission, and I repeat that we will have implemented all the major recommendations of that commission.

We in the Treasury Board appreciate that while financial management has promoted and will promote more effective control over operations in the departments, it will not in itself solve the basic problem of how to make the best use of scarce and costly resources. With this in mind we began at an early date to take a positive interest in what is known as program budgeting and how this important new concept could be applied to the circumstances of the Canadian government.

Program budgeting is concerned with the presentation of expenditure proposals in a way that will enable effective decisions to be made on the allocation of necessarily scarce resources. This approach concentrates on objectives and benefits rather than solely on conventional elements such as cost. Furthermore, it emphasizes longer term dollar requirements rather than just those of the next year, and requires that consideration be given to indirect and associated costs as well as those directly related to a given proposal. Program budgeting is, therefore, a device to bring together related proposals from different departments so that a more complete picture can be presented. Furthermore, using this approach in every appropriate instance, proposals would be subjected to systematic analysis both as to objectives and as to alternative ways to achieve these objectives.

• (3:50 p.m.)

The United States government had pioneered in the development of these techniques and therefore this government sent a group of senior officials to Washington for discussions with the United States bureau of the budget. At that time it was found that program budgeting was being applied only in the United States department of defence. However, the Treasury Board decided to introduce program budgeting concurrently in both the civil and defence departments of the government of Canada.

We have already progressed far toward this goal. A new form of the estimates, which was recommended by consultants hired for this purpose, has been drafted and was approved by the Treasury Board in early 1966. It will provide parliament with a far more meaningful picture of departmental spending estimates in that it describes activities in which departments are engaged and the program objectives which these activities are meant to serve. In other words, it is designed to measure the advisability of expenditures from a benefit point of view as well as their legality.

[Mr. Benson.]

Unfortunately, in spite of repeated attempts it has not yet been possible to lay this new form of the estimates before the public accounts committee of the house for its consideration. For this reason, all estimates will be formally presented to parliament this year in the traditional blue book and according to the traditional form so long as parliament desires. However, the Treasury Board is continuing its new line of development and a separate printing of the estimates in the new form, as separate booklets, will be prepared for 26 departments. These booklets will be laid before the parliamentary committees concerned with these departments at the time when the departments' estimates come under committee review.

The house will appreciate that these new concepts of financial management and program budgeting require a much improved system for the planning and recording of expenditures. Such a system has now been created. It provides for the coding of expenditures according to programs and activities and an internal departmental responsibility structure. We are confident that this new uniform system will also better serve the needs of economic analysis. We look forward to an early opportunity to explain this coding system and the new form of the estimates to the public accounts committee.

Forecasting is an essential feature of effective program budgeting. All members know that many proposed expenditures affect not only the current year but in some cases many years to come. In 1962 departments were required to present, in conjunction with their estimates for the fiscal year 1963-64, a multi-year forecast on a vote basis. In 1964, as a result of the urging of the then minister of finance, the hon. member for Davenport (Mr. Gordon)—and I might add for the first time in the history of the government of Canada—departmental expenditure targets were set by the Treasury Board against which each department could carry out its estimates' preparation.

One of the consultants had recommended the separation of the consideration of the multi-year forecast from that of the new year forecast. This made sense, and in 1965 the submission and consideration of the multi-year forecast was moved to the spring so that targets to be set could be derived from these forecasts after due consideration by the Treasury Board and cabinet. This represented the first major step toward a fullfledged program review. In 1966 seven departments co-operated in presenting their estimates in the

new form whereby operations were shown in large segments called "programs", made up in turn of smaller related segments called "activities". In 1967 about 20 additional departments presented their program proposals in this new form. Review of these and the conventional forecasts of the remaining departments led to a recommendation to cabinet and the recent setting of targets by cabinet for the year 1968-69. I might add that this greatly facilitated the recent cuts in expenditures for 1968-69.

From what I have said so far hon. members will recognize that the Treasury Board and cabinet have so far concentrated on the forthcoming fiscal year. The program review documents included projections of expenditure levels for the next five years, and the departments not yet following the new form were required to present similar projections. I intend, however, that following the consideration of detailed estimates this fall the staff of the Treasury Board will examine the revised expenditure proposals and forecasts that the departments have submitted for the next four years. Taking into account the projections from the Department of Finance as to what funds are likely to be available, the staff of the Treasury Board will recommend the constraints within which each department should be instructed to formally plan for subsequent years. This will result in a further improvement in departmental plans since they will be, in effect, forced to establish priorities and to make recommendations as to what are the more essential needs.

The Treasury Board recognized that improved planning by departments would result in an increased necessity for choice at the governmental level even though departmental proposals would have been subjected to much deeper analysis, and further noted that expenditure proposals would continue to exceed the capacity of the economy to provide the necessarily scarce resources. However, the board also recognized that in the making of choices at the cabinet level a whole new range of techniques and technology was available which could be brought to bear in assisting in analysing such choices.

Accordingly, in March of 1966 we authorized the creation of a new division within the management improvement branch of the Treasury Board staff to be known as SIMPAC, for "System of Integrated Management Planning and Control". These acronyms are very handy verbal shorthand but I must say I find them puzzling until they are explained and then I am annoyed with myself for not having got the message immediately.

The SIMPAC division has been staffed with highly trained specialists in such management disciplines as computer technology, operations research, economics, accounting, and program budgeting. The division was instructed to design a fundamentally new system of planning and control of the kind referred to recently by the Economic Council of Canada.

As a result of co-operative efforts between the SIMPAC division and the divisions of the program branch of the Treasury Board, some of the general outlines of a modern system are beginning to emerge. I have already referred briefly to one of these. This is the necessity to forecast expenditures two, three, or four years in advance. As hon. members are aware, the government apparatus includes a large number of departments and agencies, many of whose responsibilities are interrelated. This means that future plans must be considered in terms of broad government objectives or functions rather than according to the narrow and perhaps parochial interests of individual departments or agencies. With this in mind the SIMPAC division has developed a functional classification of expenditures. One effect of this classification will be to draw together, from whatever department they are located in, the expenditures proposed for all related activities. The house will appreciate that this new classification will serve, far better than its predecessors, the analysis of alternative future patterns of expenditures.

Following this general theme it is proposed to develop in the Treasury Board secretariat a competence in what is known as "cost-benefit analysis". This will serve a variety of important purposes. In the first place, a searching review of departmental expenditure proposals on the part of the Treasury Board secretariat will stimulate improved analysis by departmental staffs. Second, the central position of the Treasury Board will provide a better point of vantage for laying before ministers the full government-wide implications of departmental proposals. Third, by bringing analysis to bear on current and long-existing government activities, it will be possible to determine whether their continuation should be questioned by the government.

The Treasury Board staff is at present preparing a manual on program budgeting. This manual will emphasize the kind of analysis the departments will be expected to provide in support of their expenditure proposals.

The Treasury Board has also jointed with the department of manpower to make a full-scale analysis of a major activity in government. The findings of this analysis are expected not only to provide the department and the Treasury Board staff with first hand experience with these analytical techniques but also to provide illustrative material of the concepts the new manual will promote.

• (4:00 p.m.)

Program budgeting will rely for much of its success on the expansion of the sources of data on which planning will be based. As a result ministers will have much more data to consider in arriving at decisions. The most significant data contained in departmental program proposals is, therefore, being converted to a form suitable for processing by computers to permit presentation to ministers of the more relevant data in summarized and analysed form. This kind of data available for processing in this way will increase as it becomes available and as a better appreciation of computers for this purpose is gained. Advances in computer technology give promise of the very definite possibility within a very few years to respond more quickly to ministers' requests for analysis of a quite complex kind needed in arriving at decisions, and this government has every intention of taking full advantage of this new technology.

I might indicate that in the budget year 1969-70 those planning the budget will be able, I hope, to sit in a room and ask questions regarding what will be the effect of altering a particular program. We will be able to feed this information into a computer immediately and the data will be returned to indicate how many people will be affected, where they are located, what their income is and other relevant facts. Governments in the future will be in a much better position immediately to plan changes in programs and consider their effects based on an over-all view of government expenditures rather than the expenditures of a particular department or agency.

I mentioned earlier that the new draft form of the estimates will reflect a program activity structure rather than the traditional objects of expenditures. Parliament and cabinet will therefore tend to look upon the activities of departments as areas for review and the activity structure of programs is therefore of cardinal importance. It is the responsibility of the Treasury Board to approve the activity structure of each department on the basis that each activity is the appropriate aggregate for departmental planning and analysis and the appropriate aggregate for ministerial and parliamentary review.

If I had had the time this afternoon I intended to say a few words about the staff of the civil service, since this question has been raised several times by hon. members opposite. Due to time consideration I shall choose a later opportunity to explain in detail the changes in the staff of the civil service. One thing I think all of us should bear in mind is that much of the staff of the civil service of Canada is service staff. For example, in looking at the 1968-69 plans for expansion of personnel the largest single expansion by far will be in the Post Office Department. The Post Office Department is a service department expected to provide service to the people of Canada. Our economy is becoming more and more an urban economy. Therefore we require more and more people to deliver mail to people in the urban communities. We also have the Montpetit report which suggests we should get rid of many casual personnel in the Post Office Department and replace them by permanent personnel. This is being done.

Another step that is being taken relates to the fact that in some large urban areas the Post Office Department is finding it more economical to take over its own transportation of mail rather than letting it out on contract. In doing this on a pilot project it has been proven that a great deal of money can be saved, but it requires more personnel in the Post Office Department. The mere fact there are more people working in the Post Office Department does not mean in this particular case that it costs the people of Canada more money. I will give detailed explanations of changes in personnel in the civil service at some subsequent opportunity.

At this point, however, I should like to point out that I do not personally believe in the freezing of civil service personnel. We must establish objectives and we must be willing to shift personnel from one program to another. The mere freezing of personnel, as was experienced under the previous government, is not the way to control growth of the civil service. We must look at the establishment to make sure that every individual within that establishment of the civil service is required in order to carry out the business to be done for the benefit of the Canadian people.

As my time is running out, I submit in conclusion that the Treasury Board has not been unaware of nor, indeed, unresponsive to the problems and responsibilities with which

it has been confronted. Much has been accomplished in the past four years and with this firm foundation now in place even more will be accomplished by this government in the years to come.

Mr. Monteith: Will the hon. member permit a question? He referred to reductions in the 1968-69 estimates, and the Minister of Finance used the round figure of $650 million. Can the minister indicate where that reduction has been applied and the figure to which the estimates have been reduced?

Mr. Benson: Mr. Speaker, if I gave that information I would be giving my friend information which is not usually given until the estimates are placed before the house. I should like to repeat that every major department of government has cut its expenditure estimates for 1968-69. The total expenditure cut based on the forecast for next year is of the order of $650 million at this time, and the estimates will be cut even more before they are tabled in the house.

Mr. Monteith: Mr. Speaker, I would simply point out that the minister is withholding information from the house which it should have.

Mr. Benson: Mr. Speaker, the house will have the information to which the hon. member has referred in the usual form and in the usual course through the presentation to the house of the blue book of estimates. At that time he will be at perfect liberty to judge it in any way he wishes.

Mr. Nowlan: Mr. Speaker, I should like to ask a question which is perhaps supplementary to the last question. Let me refer to the interesting report on accounting practices and procedures on which the future of government expenditures on the basis of computers will be founded. On Wednesday last, as recorded at page 2810, the Minister of Finance had this to say:

> We are determined in our present review to screen out obsolete expenditure programs that cannot be justified in present circumstances. My colleague, the President of the Treasury Board, later in this debate will be talking about the efforts which have been made and the successes which have been achieved.

He then referred to wielding the knife. Rather than referring to the estimates for 1968-69 I should like to ask about the estimates for this year. What programs, projects or items have been eliminated in this screening out process to which the Minister of Finance referred on Wednesday?

Mr. Benson: Mr. Speaker, the Minister of Finance pointed out in that speech that the budget introduced for 1967-68 is a budget we still think has proven to be appropriate under the particular circumstances of this year. We will live within that budget this year, and we believe it to be in tune with the economic conditions of the present year. We believe that next year, based on the economic forecast available to us, we should not tend to stimulate the economy but rather we should present a budget roughly in balance on a national accounts basis, and this is our intention. To this end these cuts are taking place. As I explained earlier, it is not up to us to tell you our ideas or how we will spend money in future. You are quite able to think up methods of spending money on your own.

Mr. Nowlan: May I take it from the minister's answer that not one penny has been cut in respect of any program for the fiscal year 1967-68.

Mr. Benson: That is a pretty broad question. I would guess that in any budget presented to parliament in any year since confederation in 1867 certain expenditures have been reduced and certain other expenditures have been increased. I think the question is impossible to answer.

• (4:10 p.m.)

Mr. Nowlan: Mr. Speaker, I am sorry to ask a further supplementary question but I asked the first question in view of the fantastic data that have been made available to the minister and his official and the words of the Minister of Finance on Wednesday last that the present review was to screen out obsolete expenditures and programs. In regard to the present review, which is fairly recent according to the words of the Minister of Finance last Wednesday—I am sure this is the one to which the Minister of National Revenue was referring—I would ask whether any item has been reduced or eliminated.

Mr. Benson: Mr. Speaker, this government, for the first time in 1963, gave to departments targets within which they must keep their expenditures. So perhaps for the first time in the history of the country this government is in a position at this point in the year to be considering the expenditures for the following fiscal year. This is where we are doing our paring. As I said before, our budget is quite appropriate for the present fiscal year, and we will live within our budget.

We are now in a position to forecast for 1968-69 what expenditures will be, cut out

programs that are no longer appropriate and abandon other programs we might have liked to introduce. Believe me, with the new facilities we will have available to us, or any government will have available to it, nobody in future governments will be looking forward at this time only to next year. They will be looking forward to the next four or five years so they can plan government expenditures and revenues over a period of years into the future to the benefit and betterment of all Canadians.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I must begin by saying that I was impressed by the speech of the Minister of National Revenue (Mr. Benson). I cannot, however, like King Agrippa, say that I was almost persuaded, because I was not.

Mr. Benson: You were convinced?

Mr. Macquarrie: I suppose I was not "almost persuaded" because I made the mistake of reading such documents as the report of the Economic Council of Canada, the Auditor General's report, statistics derived from the Dominion Bureau of Statistics, the opinions of great, leading economists and the experiences of prominent businessmen. I was also able to hear the cries of the homeless of this country and to note some of the anxiety of those who are sensitized to present economic conditions. Apart from that, the minister's speech was an interesting effort, but although he pointed out what the government would be doing, all his grandiloquent phrases do not put these things into effect.

I like these general debates on the budget and the Speech from the Throne. There are some superficial observers of our parliamentary institution who think that unless we are dealing with legislation we are wasting time. It seems to me that they overlook the essence of the parliamentary system. They forget that we in an elected house are more than a mere legislative mill. Indeed, I think that a great deal of the trouble we have been getting into in recent years comes from the mass of massive legislation we have been trying to grind out. This, of course, stems from the proliferation of elections, which always produce a proliferation of promises. Many of these promises are in areas of provincial jurisdiction and that compounds the difficulty when we seek to deal with them in this house.

I am not a violent partisan. It is not that I have terrible difficulty in deciding how to vote on election day, but I do not derive any emotional satisfaction from criticizing those who belong to other parties.

[Mr. Benson.]

Mr. Stewart: We are going to get it now.

Mr. Macquarrie: Perhaps, however, this is a handicap, because in the last four years the government has given a multitude of opportunities for criticism even to such a gentle, dove-like person as myself.

Mr. Sharp: Oh, let yourself go.

Mr. Macquarrie: It is depressing that in a country so richly endowed as ours, that in a period which has so many of the ingredients of prosperity and progress, we should be faced in this budget debate and at this time in our history with problems of grave and serious proportions in our economic sector. We seem destined to close our centennial celebration not with a great whoop of joy but with feelings of anxiety and uncertainty in the economic field and, let us face it, in other fields as well. For some of these difficulties, of course, we cannot hold the government responsible. Some factors are beyond its control or are perhaps even beyond the country's control. We recognize this, but as many of my colleagues have pointed out, a very serious indictment can be laid against this government.

We cannot say that this situation exists because of factors over which we have no control. The economists in my university days used to use the old expression that when the United States sneezes the whole world gets a cold. But today, as we look at comparative statistics, we seem to be shivering in many areas in which the United States is showing all the signs of health.

If there is one comment—and despite the invitation of the Minister of Finance (Mr. Sharp), I am not going to be critical—which might be made about the present government, it would be that I have observed over the last four years its inability ever to anticipate anything. So many times the government seems to be overwhelmed and terribly surprised at the results of its own actions or inactions. As the hon. member for Kamloops (Mr. Fulton) said the other night, its leadership is shown by the frequency with which it tends to back into situations.

Many specifics have been charged against the government. Many interesting comments have been made on specific economic programs. I was going to talk about some of the recommendations of the Auditor General's report in reference to the Glassco commission. I noted what the minister said about the major recommendations. I cannot find in the

Auditor General's report a distinction between major and minor recommendations, and some time later in the session, perhaps through the order paper, I may elicit from the minister exactly how many of the 15 recommendations not disposed of according to the Auditor General's last report have in fact been implemented in this effort toward greater efficiency.

The matters with which the Auditor General dealt are important. We live in an era of big government. We know that. But surely we can ask that government departments set an example in efficiency. Time and money should be utilized in the best manner possible. In passing, Mr. Speaker, I must return to one of my frequent comments about the efficiency of our own chamber. For a number of years I have been appalled at the endless hours we in this house consume in waiting for votes to be taken and then for the calling and recording of those votes. A few days ago we had a scheduled evening sitting of two hours' length. Of those two hours we spent an hour and four minutes waiting for votes or having them recorded. Surely in the electronic age we can do a little better job on our one hundredth birthday in streamlining that time-consuming procedure.

Some hon. Members: Hear, hear.

Mr. Macquarrie: An electronic voting machine would compute the vote in seconds, and it should not be beyond the wisdom of the authorities to abandon that tedious, long process of waiting for votes.

Mr. Knowles: Would an electronic system get the members here?

Mr. Macquarrie: I should think that on all votes except those which determine the fate of a government, and they should only be scheduled votes, the vote should be taken on the spot, because the other votes in essence deal with the procedure of the house. I have seen no system anywhere that is so archaic as ours. Having said this for the fifteenth time since I came here, I will now pass on to something else.

In this country, we are facing major economic problems on our one hundredth birthday. The Minister of Finance has been hearing about them. But I think we also have other, fundamental questions as we begin our second century. Our political life has taken on new dimensions and political questions carry with them a new degree of seriousness. It is not enough any more to ask which party will be the better or the best or what policies they will put into effect. In 1967 we must look not at policies or at personnel alone but, indeed, at the very type and structure of the country which any party or government must try to govern. Perhaps far reaching constitutional changes are necessary as we begin our second century. Possibly alterations less drastic and dramatic may be found preferable. But we must re-examine the basic constitutional structure and review longstanding practices and procedures in light of 1967 and post-1967 conditions.

• (4:20 p.m.)

Interestingly enough, Mr. Speaker, I believe the same opportunity, indeed the same compulsion, exists beyond the domestic field. I believe that for many reasons which lie beyond our own control we should reappraise our international role and position in the world. I believe we have passed the period of easy acceptance of traditional responsibilities and functions in the international scene. Some of the established organizations on which we have founded so much of our foreign policy are themselves in phases of transition or at least of reappraisal.

The United Nations has greatly changed since its establishment in 1945. Thoughtful people are concerned about its efficiency. They wonder about the peace keeping techniques, whether the peace restoring mechanisms are working well, or if in fact they are working at all. To cite one example, how long can we go on maintaining an uneasy peace in Cyprus if no ground has been made at all in the matter of conciliation?

We are also troubled about the financing of the United Nations. Article 109 of the charter speaks of revision; yet the world body has never been able to move in the direction of meaningful revision of its own structure. I believe that Canada as a charter member of the UN, and as a good member of the UN in contrast with our membership in the League of Nations, should, indeed must, seek to find whether there is an initiative it can take toward improving the structure of that world body.

NATO, another of our fundamental cornerstones, has changed greatly since 1947. Revision here may be necessary. Can it ever be the same after what has happened in the case of France? Are we attuned to the vast and bewildering changes in military science and strategy? Should the alliance extend and intensify its co-operation in the non-military field and diminish it in the military area?

Perhaps changes should be minimal, perhaps they should be fundamental; but let us look at the matter with high seriousness, and indeed with high priority.

Secretary of State for External Affairs (Mr. Martin) was asked a question today about NORAD. I am not a military expert, Mr. Speaker, far from it, and perhaps this should be my invitation to discuss the subject. For I am genuinely disquieted when reading about and hearing those who are experts deal with this question. Some of these experts suggest that the NORAD agreement has outlived its usefulness. Surely this is a fundamental question in the defence of our country. Should Canada opt out of this system? Should we accept the argument that because our contribution must necessarily be so small relative to that of the United States we should therefore totally disengage and follow other pursuits by directing our energies elsewhere?

There are those who argue that no matter what the state of technological advance, no matter what the preponderance of power on the side of our major ally, no self-respecting country like Canada can leave its defence totally to the people of another country. They argue that this country must offer more than geography to the defence of this continent, of which we occupy a large and somewhat vulnerable area. So here is another question, Mr. Speaker, which requires our earnest consideration, and I think requires it now.

I think the commonwealth is often regarded now as one of the minor cornerstones of our foreign policy. Some people think that the commonwealth is now little more than something we make gestures toward in after-dinner speeches. But are we satisfied with merely cherishing our membership in this body which we did so much to found, in which we did so much to adjust and develop toward changing conditions? I am wondering whether we can find a unique and more worth-while role within the commonwealth.

The question of external aid is an important one. With many people this is a popular field of endeavour. But are we at our most effective here? Can we improve our contribution toward a peaceful and better world? Should we specialize in aid, which perforce cannot be unlimited? Should we establish priorities and, if so, what are they to be? Should we assist the commonwealth, Latin America, the Caribbean or French speaking Africa? Should we emphasize bilateral aid or channel all our aid through multilateral, universal programs? I have heard all these suggestions made, as I am sure have other hon. members.

Should we not also look, Mr. Speaker, at our own diplomatic arm? Should we not ask ourselves whether we are satisfied with our foreign service? There are many areas in the globe where Canada has no representation. We talk about a two-China policy; yet we do not have ambassadors in either China. There are many parts of Asia in which we have no diplomatic representation. Asia is a continent where millions and millions of people live and on the future of which depends so much the fate of all mankind. Asia is the most expanding and expansive part of the world.

These questions cannot be simply answered, Mr. Speaker; they can merely be raised, as I do raise them, considering that these aspects are extremely important to the economic facts of our domestic life.

When I last spoke on this subject I urged the Secretary of State for External Affairs to be more forthcoming in his discussions of this important realm. I was not suggesting that he come into the house and tell us, for instance, what the ambassador from Indonesia had told him. This, of course, was not what was in my mind. But I do believe that foreign policy, which as the hon. member for Brome-Missisquoi (Mr. Grafftey) discovered in his poll is of absorbing interest to our people, should command more attention in this house.

I hope that the standing committee on external affairs will continue the program it began earlier in the session whereby for the first time the committee looked at areas of interest and studied in depth some of our problems, bringing before it experts other than those in the department. I think this is extremely valuable and important.

It is so easy in this day of the mass media to grasp at seemingly simple solutions. In our yearning for peace there is the danger of being satisfied with those courses of action that are suggested by some of the more vocal but not necessarily the more thoughtful elements of the public. For instance, to call upon the United States unilaterally to stop bombing North Viet Nam seems a proper course. It seems to put us on the side of the angels which is where we all want to be. But to offer advice to the United States might not be so effective as may appear, or as we wish it to appear. Of course we want the bombing stopped. Of course any thoughtful Canadian is filled with anxiety and worse at the increasing engagement in this conflict of United

States personnel. Should a thoughtful person not seek evidence that any such cessation now would be more efficacious than the several which have already taken place? Is that not the thoughtful course of action?

For a long time many proclaimed that recognition of Peking and the admission of that régime to the UN was the greatest step to world peace. This recipe has been less frequently advanced in recent months. Not long ago the call was to have South Africa kicked out of the Commonwealth and all would be well. Something like that did happen, but nothing happened to the victims of the repressive racist government of that country.

• (4:30 p.m.)

I suggest that we ought to devote more time to this subject, that we should seek to reappraise, to bring a greater depth to our discussion. Foreign policy is no longer an esoteric field, the preserve of a few specialists. We who represent the people who will suffer the results of the failure of world diplomacy dare not miss opportunities to enlighten ourselves and the people we represent in foreign affairs. If we fail, that which we plan domestically through budgets, legislation or other parliamentary means will be of no avail.

If there is one hopeful aspect in the less than glorious performance of the present government it is that through its weakness and indecision as an executive it has enhanced the scope and stature of the legislative branch. Perhaps in the revival of committees and the establishment of new areas of activity for them we shall produce a much healthier political society in this country and bring about a more valuable parliamentary institution. For that we should be indeed grateful. I suggest that one area where such a revitalized branch of our system would be of tremendous importance is the terribly difficult field of foreign policy.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I presume it is proper for me to say that this is my thanksgiving budget speech. Regardless of the government in power or our social and economic problems, I think we should all be thankful to live in Canada and for the opportunities that we have at this time to enjoy life in this country. Before proceeding farther I must say to the minister that I offer him my sympathy, my sarcasm and my suggestions in a spirit of good will.

Mr. Sharp: I am grateful.

Mr. Herridge: Our over-all problems which have been recognized by members of this house and the Canadian people in general have been stated before. They are the preservation of world peace and the maintenance of national unity. I might say in that respect that I have no hesitation in saying that any party or member of this house approaching the question of national unity with a view to party advantage is doing this country a great disfavour.

Some hon. Members: Hear, hear.

Mr. Herridge: While we may have different points of view we must present them properly and must approach this problem in the spirit that it is a national emergency.

We all recognize that inflation and its effect on the cost of living and the cost of housing is a serious problem at this time. I am not one, Mr. Speaker, who rises in a glib way to say that I have answers to all our problems at this time, but I shall have a few suggestions to make later.

In my opinion this debate has been worth while. The minister has had the opportunity to hear the opinions of the Canadian people expressed by members of the opposition parties and in some instances by members on the government side of the house. I am sure that we have listened with interest to the minister's statements which, in the language of the *Financial Times*, were a mixture of sermonizing and action. I have enjoyed both aspects. I am sure we all agree with the minister that there is a need for fiscal and monetary stability. Anyone with a sense of responsibility accepts that. There is a need for priorities in programs and expenditures. That is easy to suggest but no doubt in some instances those priorities must be arrived at as a result of consultation with the provinces and agreements on that basis.

There is an urgent need to provide capital for housing, particularly for those who are unable to obtain their own housing or pay the costs involved at the present time. There is a great need for serviced land in the larger centres. Without doubt there is a need for planned urban development.

I must say, Mr. Speaker, that I do not like the general attitude that we should accept as inevitable the continued drift to the metropolitan areas and cities. I have lived in a different atmosphere. I read Ruskin, Morris, and others like them representative of the later Victorian period. I did not look forward

to a society composed of centralized populations. I did not have any politics in my youth. Later I was a Liberal, but I think I have advanced a bit since those days.

Some hon. Members: Oh, oh.

Mr. Herridge: I looked forward to a society where man would enjoy greater happiness through the decentralization of populations to towns, small communities and rural centres, and the decentralization of industry. I know that people move to where the jobs are, but I think we must give some thought to the decentralization of population and industry in this country.

I was interested in the minister's proposal to ease the tax burden on low income groups that require housing. We all look forward to a further explanation of that proposal. If the government continues to insist on maintaining the 11 per cent sales tax on building materials I trust that some method will be devised to assist the low income group. We all agree with the necessity for restraint in government expenditures and with respect to prices and costs. That will be a matter for considerable discussion in the near future. Though we agree with restraint and though I trust we shall seek to economize where possible, we must not overlook the needs of the veterans and their dependents with respect to increases in disability pensions and war veterans allowances in the near future. These are the men who defended our country, who upheld our freedom in at least two world wars.

I have received letters from my constituents complaining of two things in particular. The first is the 11 per cent sales tax on building materials. I have a letter from a gentleman who is an official of the Consolidated Mining and Smelting Company of Canada. It is a thoughtful letter and deals with the question seriously on the basis of his observations of the effect of this tax on house building as it comes within his knowledge. He suggests that the government would be wise to remove the 11 per cent sales tax on building materials.

The other criticism I have had is largely from corporate organizations—municipalities and similar bodies—with respect to the increase in the interest rate on housing mortgages. I wish to read a letter from the deputy city clerk of the corporation of the city of Trail.

• (4:40 p.m.)

Dear Sir:

The council of the city of Trail are greatly concerned over the recently announced increase in the interest rate of 8¼ per cent for Central Mortgage and Housing Corporation financing of housing loans.

The council would like to see a reconsideration of this increase as they feel some measure has to be taken to stimulate housing construction in areas such as our Glenmerry subdivision.

Thank you for your kind attention to this matter.

Yours very truly,

A. R. MITCHELL
DEPUTY CITY CLERK

I read this one letter from the numerous letters I have received to the same effect from municipalities and organizations because I believe there is a great deal of validity in the objection made. Earlier speakers from this group have dealt in detail and at great length with this subject. They have expressed both general and local criticism of the budget's shortcomings and of our monetary and fiscal policies. I shall not repeat what they have said in their contributions to this debate.

I was particularly interested in the speech made by the parliamentary secretary to the Minister of Energy, Mines and Resources. It contained numerous suggestions as to ways in which the government could reduce its expenditures. I followed carefully the speech made by the hon. member for Kamloops (Mr. Fulton) with its caustic criticism of unnecessary government spending and I listened with interest a few minutes ago to what I thought was a very constructive speech by the hon. member for Queens (Mr. Macquarrie). I also listened with particular attention to the speech of the President of the Privy Council (Mr. Gordon), and I quote from *Hansard* of October 5, page 2865, to emphasize briefly what he had to say and to make certain that many people who will read the speech of the hon. member for Kootenay West and who may not read the speech made by the President of the Privy Council will know what views he expressed. Referring to something which had been said earlier by the Secretary of State for External Affairs (Mr. Martin), the hon. member for Davenport (Mr. Gordon) commented:

On that occasion I think he said the things that are in the hearts and minds of all of us. We all know that no defence is really effective any more in this world except peace. If we kid ourselves that anything else will be effective, we are very foolish indeed.

We have a second problem that is perhaps closer to us here and we are very much aware of it. That is the question of the continuation of confederation and the unity of our country.

I turn now to page 2866. The President of the Privy Council was interrupted by someone. It would not have been by me; some

Conservative must have interjected. He went on to say:

> Let us not be silly.
>
> Not only have we the problem of obtaining peace in the world in which we live, not only have we the problem of achieving unity within our country, but we also have the problem, living next door to the greatest nation in the world, of maintaining our own independence. Most of us in one way or another are searching for the solution to that problem. I hope that before very many months have passed, the government will be able to table a white paper which will at least provide a focus for debate about what should be done in this respect.

I heartily sympathize with the concern shown by the President of the Privy Council in regard to the search for peace, Canadian unity and Canadian economic independence and I am one of those who look forward to reading the white paper on economic independence when it is issued.

In this connection and before proceeding further I should like to put on record the contents of a note compiled as a result of research done by a friend of mine and having to do with Canadian economic independence. My sentiments on this subject are entirely in accord with those of the President of the Privy Council. Anyway, these are my friend's findings. Based on information culled from Dominion Bureau of Statistics publications he has found it possible to make a good estimate of the extent of post-war United States direct investment in Canada. The figures show that over the 1946-1964 period a total figure of $10.6 billion was made up of $5.2 billion of undistributed profits held in Canada and various accounting adjustments and revaluations. From a sample of eight out of the 19 years, however, it appears that dividends remitted from the United States controlled corporations in Canada must have totalled about $5.4 billion.

Mr. Choquette: The name of your friend, please.

Mr. Herridge: I will supply that later.

So more than the equivalent of what gets into the statistics as net capital inflow was covered by dividends going out of Canada to the United States owners. In other words, more than the total increase in United States direct investment in Canada since the war was covered by profits made in Canada. I think he makes a very good point. The gentleman in question is—as a matter of fact, I do not have his name on the document and I have forgotten it at the moment but I will see that the hon. gentleman gets it later.

Now I wish to make a few other suggestions. Suggestions have already been made concerning means by which the expenditures of the various departments might be reduced, how we could lessen our budget deficit and so on. I again urge the government to use the Bank of Canada to provide the social capital required by provincial and municipal governments for investment in housing, hospitals, schools, highways and other public projects. Last night I read in the Ottawa *Citizen* a story headlined: "City Finds U.S. Loan Is Cheaper". It began:

> City hall will try to counter the soaring Canadian interest rate by borrowing $16,183,000 in the United States.
>
> Financial authorities have assured the city funds will be available in the U.S. at an effective interest rate of 6.47 per cent.

I simply cannot understand why the city of Ottawa should have to go to the United States to borrow money with a consequent outflow of interest on this loan and many others like it. From the statistics I have been able to gather in the last few weeks, we have borrowed in the neighbourhood of $1 billion from the United States already this year. I cannot understand why the Bank of Canada cannot provide loans to cover expenditures of this sort at a rate of interest which would meet administrative and other costs without any loss to the government of Canada. When the minister replies later I wish he would inform me why this cannot be done. I understand it is done now to some extent in certain circumstances. I would like the minister to tell us why it cannot be done on all such occasions. There seems to be some hidden reason for not doing so. I have been told there are psychological reasons for not going further in this direction.

We in our party have urged this method of financing for many years. Only a few months ago my leader, in a letter on this subject, endorsed the idea wholeheartedly, so I have no hesitation in bringing up the matter at this time. I might add that we could continue to use the Industrial Development Bank to meet the needs of small and medium-sized industries and leave the rest of the banking business to the private banking concerns under present circumstances when a new competitive spirit seems to be rising.

I wish to deal now with another matter. We have learned how we can save a few thousand dollars here and a few million there. Again I wish to tell the house that we could save a great deal more money if we were to withdraw from NATO. If we are to

meet our responsibilities to the underdeveloped nations as well as our own responsibilities here in Canada, we simply cannot continue to carry on our present expenditures in the military field. We have to make a choice. In that connection I wish to quote a statement made by our leader, as reported in the *Globe and Mail* of Sept. 14, 1967. The report is headed, "Pull Canada Out of NATO, Douglas Says." It reads:

• (4:50 p.m.)

Canada should withdraw its military support of the North Atlantic Treaty Organization and press for a complete overhaul of the defence pact, says T. C. Douglas, national leader of the New Democratic Party.

Mr. Douglas told 300 Simon Fraser University students that perpetuation of NATO is another example of Canada's slavishly following an obsolete U.S. foreign policy.

"I believe as far as Canada is concerned, we're wasting our money in NATO," he said. "The world has changed, but U.S. and Canadian foreign policy has not changed with world conditions."

Mr. Douglas said NATO should be used to negotiate peace, not war. He said the organization is based on policies that assume the Soviet Union is a monolith dedicated to subverting the entire world.

"We cannot resolve the problems of a revolutionary age by winning military victories," the N.D.P. leader said. "We are not going to stop change with arms. If Canada is going to contribute to the peace of the world, we must lay down a policy not overshadowed by the United States or any other country."

I think our leader is on very sound grounds on this question.

At the present time we are spending $1,688 million on national defence, which according to my calculations is between 20 per cent and 25 per cent of our national budget. To illustrate this, Canada's contribution to the infrastructure of the NATO program was $152,300,000 at March 31, 1966. The estimated cost of the aircraft supplied to NATO to April 30, 1966, amounts to $211,600,000. The capital cost of fixed facilities at the base is estimated to be $14,700,000. The total estimated annual cost of maintaining No. 1 air division in NATO is $85,300,000. The estimated annual cost of maintaining our brigade group in NATO is $64,500,000. The estimated annual cost of transporting defence forces and their dependents is $7,500,000, making a total cost of $535,900,000. Again I say I do not see how we can continue these expenditures and meet our responsibilities at home and abroad.

I turn now to NORAD, and in that connection I wish to quote from an interesting article by John Gellner which appeared in the *Globe and Mail* on October 9, 1967. Its heading is, "A Price Canada Will Have To Pay To Stay in NORAD," and I quote two paragraphs:

With the YF-12, or whatever it will ultimately be called (Y denotes an experimental type), will go an improved air-to-air missile, AIM-47, and a new airborne warning and control system. The latter, carried in huge jet transports or converted bombers, will apparently replace all that NORAD has in the way of electronic ground environment, although the DEW line might retain some limited uses.

One can only speculate what such rearmament might cost Canada. An educated guess based on the assumption that Canada's present three CF-101 and two Bomarc squadrons would be replaced by two squadrons of YF-12's—say 30 aircraft, with the essential spares and handling equipment—should cost something like $500 million. Adding the price of installations and training, and of Canada's participation, with aircraft and equipment, the total bill would probably not be much less than $1 billion.

Mr. Gellner is a writer on military subjects and apparently has made a close study of this matter. I hope that these costs to the Canadian people will be considered when the government deals with the negotiations in connection with the NORAD agreement.

Again I want to say that for years it has been our policy to oppose nuclear weapons on Canadian soil and in the hands of Canadian troops anywhere. Last year the then minister of national defence informed the house that, "The R.C.A.F. now has available to it in Europe an explosive power comparable to several thousand times that used at Hiroshima." What a reversal of the minister's stand when he was in opposition. Then he was firmly opposed to nuclear weapons, and I well remember sitting in the house and listening to the speech he made on that occasion. I hope the government will reverse this policy and use the money which we are spending on defence for other purposes.

As a matter of fact, two or three years ago the German ambassador, in a speech at Winnipeg, said something to the effect that while Canada's contribution to NATO is not of great military effect its position in NATO has a certain morale building value. Surely we can use this money to better advantage for ourselves and in assisting the underdeveloped nations.

While I know we have the support of the President of the Privy Council on this issue, I wish to quote two paragraphs from the speech made by the Prime Minister (Mr. Pearson) in his Nobel peace prize lecture delivered at Oslo, Norway, on December 11, 1957, titled "The Four Faces Of Peace":

Today, less than ever, can we defend ourselves by force for there is no effective defence against

the all-destroying effect of nuclear missile weapons. Indeed their very power has made their use intolerable, even unthinkable, because of the annihilative retaliation in kind that such use would invoke. So peace remains, as the phrase goes, balanced uneasily on terror and the use of maximum force is frustrated by the certainty that it will be used in reply with a totally devastating effect. Peace, however, must surely be more than this trembling rejection of universal suicide.

The stark and inescapable fact is that today we cannot defend our society by war since total war is total destruction, and if war is used as an instrument of policy, eventually we will have total war. Therefore, the best defence of peace is not power, but the removal of the causes of war, and international agreements which will put peace on a stronger foundation than the terror of destruction.

I must say we can all agree with those words, and I quote the Prime Minister to show we have got him on our side so far as principle and spirit are concerned.

While we all realize we must solve our immediate problems with respect to fiscal and monetary stability and the need for priorities, we must also relate these matters to the need for a resources development and investment program in co-operation with the provinces. Unless we can conserve and develop our natural resources on sound principles we will not be able to maintain or improve our standard of living in the future.

In my opinion, if we are going to meet our obligations to the underdeveloped nations food is the first essential. If we have food we can afford to say "man shall not live by bread alone," but if we do not have food there is nothing to say. So accustomed are we in Canada to the well stocked larder and the overladen plate that it is almost impossible for some of us to imagine what life is like for those hanging over the brink of starvation in other countries.

The first requirements of human beings in the underdeveloped countries are food, clothing and shelter, and assistance in building their economies so that they can produce more of their own requirements as the years go by. We have the resources to accept our moral responsibility if we are willing to prune our expenditures on defence accordingly. In my opinion we cannot afford to go on spending these large amounts on defence and at the same time try to meet our responsibilities to our people at home and to people abroad.

• (5:00 p.m.)

Our natural resources are, first, water, land, forests and minerals, and very briefly I wish to indicate how improvident we have been in dealing with Canadian water supplies to date. Later I shall deal with this matter at great length. I should like to quote briefly from an article in the September issue of *Electric Light and Power*, a magazine published in Boston, in which they begin to let the cat out of the bag about the Columbia River treaty. As you know the power production there has been increased to 9.2 million kilowatts although we only get paid for 1.2 million in the treaty. The article reads as follows:

Favourable Payout.

The third power plant project will have a remarkable payout. Annual equivalent investment and operating costs will total $14,702,000. Average annual benefits have been computed as follows: $43,838,000 for power, $1,470,000 for flood control and $389,000 for recreation. Thus, according to the Dept. of Interior, the total average annual benefits of $45,697,000 would exceed annual costs by $31,000,000 for a benefit-to-cost ratio of 3.1:1. No benefits have been assigned to fish and wildlife, although some improvement in the Columbia River fishery below Grand Coulee is expected.

In addition the article states:

Nearly 500,000 acres, approximately half of the ultimate 1,029,000 acres to be developed on the Columbia Basin project, now have irrigation service available. The annual gross value of crops produced on the project's irrigated lands now exceeds $71 million.

We are shipping our water across to the United States and they are using it to irrigate 500,000 acres at the present time. They intend to irrigate over one million acres and are sending their products back into Canada where they compete very easily with the products of Canadian producers because of the circumstances under which they produce at the present time.

I am having some tables worked out in this regard by a very competent engineer and I will deal with this matter more fully later. I should like to suggest, however, that the Minister of Energy, Mines and Resources (Mr. Pepin) and his officials should take the first opportunity to read this article which indicates what is happening in the United States at the present time with regard to the further development of the Columbia River.

The Acting Speaker (Mr. Tardif): Order, please. I regret to interrupt the hon. gentleman but the time allotted to him has now expired.

Mr. Herridge: Is that final, Mr. Speaker?

An hon. Member: Go ahead.

The Acting Speaker (Mr. Tardif): Does the hon. member have the unanimous consent of the house to continue?

Some hon. Members: Agreed.

Mr. Herridge: I appreciate the kindness of the house in this regard. I will finish as quickly as I can. I also suggest that members of the house should read the *Family Herald* of October 12, 1967 in which there is an excellent article under the heading "The Hidden Hazards Of Sending Water South". It is a very informative article and one which hon. members would find worth while reading if they wish to be informed on this question of continental use of our water.

In conclusion I should like to say I was very pleased to note that the Registrar General (Mr. Turner), when he was parliamentary secretary to the Minister of Energy, Mines and Resources, laid down in very definite terms some principles for Canada's emerging water policy. This was the first time I heard the principles laid down in definite terms, and I congratulate him. I also congratulate him for undertaking to introduce the new legislation concerning consumer and corporate affairs. I might say that the Registrar General was brought up in Rossland in my constituency. If he carries on as he has in the past and if he does the work as efficiently as he has in the past, we can look forward to his administration of the consumer and corporate affairs legislation in a manner which will be to the advantage of the Canadian people.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I am torn between two roles, one of being partisan and the other of being non-partisan. I think I will follow the course of one whom I have respected in this house for many sessions, the hon. member for Queens (Mr. Macquarrie), and perhaps be non-partisan in my approach to this debate. I am afraid that if I chose to be partisan I might have to remind the hon. member for Kootenay West (Mr. Herridge), who is also a very non-partisan member, that his leader should not try to place a dollar sign on the value of freedom. If he thinks there are many shades of communism he should talk to people who still have relatives in the Ukraine, Lithuania, Byelo-Russia and many other countries which still lie behind the iron curtain.

I would prefer to speak in as objective a manner as possible on the question which bothers all Canadians, particularly those who come from the province of Quebec. A debate will take place this coming week end which will likely alter the shape of the Quebec Liberal party, if indeed in the long run it does not shape the future of this country. Certainly the debate will centre around the economic arguments for or against the feasibility of independence for Quebec and what effects independence would have on this new country and indeed on what would remain of Canada.

[The Acting Speaker (Mr. Tardif).]

Such a debate, of course, has already commenced. In my opinion it began at least on a pragmatic level when Mr. Levesque openly endorsed a sovereign state in the province of Quebec. I and others at that time expressed opinions on the economic effects of such a move. I do not propose to repeat today the arguments used at that time since in the main the debate this week end will be limited as it should be to participation by provincial members of the Quebec Liberal Association. Rather, as a member of the House of Commons let me say simply what a great tragedy it would be if this country were to remain united only because it became obvious that we could not, for economic reasons, afford to separate. What a horrible admission of defeat and what a terrible legacy this would be to leave to future generations.

Much has been made of the fact that little or no time has been devoted in this house to problems of confederation. I submit that this is not quite accurate. The question of national unity and the role that Quebec must and should play in the Canada of today and indeed in the Canada of the future have been the subject of many speeches in this house and certainly have been referred to indirectly in many others. In reviewing some of my modest contributions to the debates of the House of Commons I believe I can say I have stood up on half a dozen occasions and spoken against separatism and for national unity. I know this is equally true of members on the opposite side of the house. When we do speak as we will some time in the future, perhaps on a resolution advanced by the government, I think the Canadian people will be pleasantly surprised by the contributions from all parts of the house because I have sensed a much greater appreciation of the problems of French Canada today than I did when I first came here five long years ago.

When at the recent Montmorency conference the Conservatives accepted in principle the theory that two nations exist in Canada, at least in the cultural sense, I welcomed this. I welcomed it because it represented to me the existence of many enlightened people in that party who were willing to stand up and indicate their willingness to endorse the necessary changes in attitude that must come before true unity in this country becomes a reality. Certainly it took more courage on the

part of members representing constituencies in the west or in the maritimes to openly endorse this concept than on my part or the part of other members who represent ridings in the province of Quebec.

• (5:10 p.m.)

I fail to understand the furor about this particular concept when no less a person than Sir John A. Macdonald spoke about French Canadians by saying, "once treated as a nation they will act as free people generally do; call them a faction and they will become factious."

Frankly, Mr. Speaker, I mistrust slogans. I mistrust them because they too often mean different things to different people. I mistrust them because in the hands of demagogues they can be easily twisted to mean one thing when explained to one audience and another thing when explained to another audience. The concept of special status is a perfect example. Those, for instance, who pretend that Quebec is a province like any other are ignoring the basic fact that it is not nor, for that matter, ever will be.

Recently over the week end two of our leading newspapers took a survey amongst provincial political figures to determine where they stood on the question of Canada and its future. By far the majority of them stated that they visualized a special status for Quebec in the future. Many of them elaborating a little further, not restricted to the question, defined that special status as nothing more than what presently exists, while others defined special status in much more radical terms. In all probability there are as many definitions even amongst Quebec politicians as to what form this "special status" is to take as there are politicians defining it. This in no way takes away from the general desire that more latitude must be provided Quebec in order that it may protect its linguistic and cultural rights. Other provinces may feel they need less because they share a common language and a greater belief in a strong central government.

I am more concerned, Mr. Speaker, that big business or even senior politicians might feel that if it is proven that independence for Quebec would mean terrible financial sacrifices for the people of that province, then those who visualize a Canada united from sea to sea have nothing more to fear and the battle for the loyalty of Quebeckers is over. Such a presumption would be disastrous. The fact is that Quebec already has a special status. To deny this is to deny the act of confederation or, indeed, the constitution itself. But the recognition of this fact, accepting it as I do, does not mean that I accept special status as defined by others. Special status has not prevented the French speaking Canadian from participating in the development of this country. The great debate on special status, on the two-nations concept, on associate states and on all the other theories or concepts advanced from time to time by demagogues, sometimes by well-meaning people, can take place at another time.

There are some economists who believe, with a certain degree of justification, that the flow of new capital into the province of Quebec is being held up not by the effect of separatism but by the general unrest and general uncertainty as to the direction in which the province is about to move. There are many who feel that when and if Quebec should separate sufficient capital would flow into that province if it were found to be profitable. To me, as one who has lived for 46 years in that province, it is obvious that the overwhelming number of Canadian Quebeckers would prefer to remain as part of Canada. These people are, after all, the descendants of Cartier, Montcalm, Radisson and La Verendrye. They are the descendants of the habitants who, deserted by the intellectuals and the money class, remained here and loyal to this country when the temptation to join the rebellion leading to the formation of the United States of America was very tempting. These are the people who have supplied us with two prime ministers.

Regardless of what the constitution of this country intended, regardless of how our experts interpret it, the overwhelming majority of French speaking Canadians still believes in the concept of one sovereign nation from sea to sea. They want not only a nation that provides equality of opportunity, equality of education for those minorities living outside of Quebec, but equally as well a Canada that will provide within Quebec an economy that will give every Quebecker a standard of living commensurate with his needs and an income large enough to provide security for his old age.

The danger of the present dialogue and argument revolving around the economic implications of separatism is that once it is proved that independence is really economically impossible, nothing has really changed. We will still be faced with the need for educational facilities for the French speaking minority in other provinces. We will still be

faced with the need for more participation by real French speaking Canadians at the top level in our large corporations. We will still need a capital that is more representative of the two founding races and a capital district which will make sure that Hull will finally reap some of the economic benefits of a capital district. We will still be faced with the problem of providing Quebec with all the assistance needed to facilitate communication with other countries which share its language. These are but some of the problems which must be resolved whether or not during the week end in Quebec it is decided that it is economically or uneconomically sound to separate.

I agree with the determination of the Minister of Finance to reduce spending next year and cut back on expenditures wherever possible in order to fight inflation, but I must also point out that the real danger from separatism in the future in Quebec lies not in the arguments of the academics or intellectuals but in the poverty of too many people in too many areas of Quebec. Too many people in Quebec, in spite of the fact we are experiencing the biggest and longest boom in our history, still live in squalor. Too many people have been bypassed for geographical reasons in this affluent society. Too many people live on incomes well under the $4,000 per annum mark. These people could very well be the separatists of the future, and when the separatist movement spreads to these areas, when the false doctrine of separatism finally catches on in these regions, then the possibility of the end of this country will be more real than it is today.

Perhaps there are some of you who think I am exaggerating, but I can look back at speeches I made in this house five years ago at which time I made the same predictions and the same analysis when Social Credit spread across the province of Quebec. What I said then was certainly not intended to hurt the feelings of my friends in the Ralliement des Créditistes, who by their prodding have done much to improve the working conditions in this house for those of the French language. The people endorsed the Social Credit movement then because they felt they had nothing to lose. They endorsed it in a spirit of despair and defeatism.

• (5:20 p.m.)

The best weapon we have against separatism is the elimination of poverty in those regions which for too long have been limited to a mere subsistence level, with the people forced to till uneconomic farms, forced to accept welfare payments for survival. Poverty that strips the father of a family of his dignity breeds resentment, discontent, unrest and will eventually, I am sorry to predict, breed separatism. Our friends in the R.I.N. know this. Our separatist friend in the far corner of the house knows this. It is in that area of the province that the R.I.N. will devote its time in the future. Ironically, if we were to canvass that area today we would probably find greater support for federalism than anywhere else. Why? It is because, having so little, they fear any movement that might take that little away from them, even temporarily. But there does come a time in the history of all nations and of all peoples when they say, "Well, if I am going to starve I might as well starve under a new system." They could very easily say, "If I am going to starve it might as well be in the new country of Quebec as in the present country of Canada."

Historians in the house know better than I that this is true. The Irish rebellion, and particularly the unrest before it, caused economic hardships in that wonderful country from which they have still not recovered. But you and I know that if we discuss that rebellion with the people of Ireland today, despite their economic problems they will tell us it was worth while.

The other evening a very close friend of mine who has been kind to me since I entered politics suggested that perhaps the English speaking minority in Quebec ranks with the most unpopular of minorities anywhere in the world today. At first I was upset at the thought but upon reflection I had to agree that perhaps there is much truth in this suggestion, and I wondered precisely why. I came to the conclusion that it is perhaps because of the absence of a dialogue, the type of dialogue to which Claude Ryan refers, between the English speaking and the French speaking people of Quebec. In too many instances that lack of dialogue has left French speaking Canadians with a stereotyped concept of what an English speaking Quebecker has been responsible for in the past in that province. We must remember that while the non-French population of Quebec numbers 1,200,000 people, more people, for instance, than make up the population of Saskatchewan, most of that population is situated in the greater Montreal area, so that one out of every three can be classified as non-French speaking. Therefore, contrary to public opinion, in many parts of Quebec there is little or

no contact culturally between English speaking Canadians and French speaking Canadians, and direct confrontation or communication therefore is limited all too frequently to business hours.

To the people particularly who have little or no contact with the English speaking minority, we represent in Quebec the absentee owner who for years exploited the labour class by denying them the right to join a union and paid them low salaries and wages under the pretence that this had to be done in order to compete with other provinces or other areas of greater productivity. We represent to many in the remote regions the large, foreign-owned corporations that ravaged our forests or shipped tons and tons of primary ores from Quebec to be returned later in the form of finished products. We represent the almost non-existent but still very legendary figure residing in Westmount, manipulating the strings that activate St. James Street.

Nobody bothers to point out that these things happened in a day long past and that the city of Westmount is today composed almost equally of French speaking and English speaking Canadians. Nobody from French Canada takes the trouble to point out that the ravaging of our forests and the excessive control over Quebec's primary products was possible only with the full co-operation of French speaking politicians, Liberal and otherwise, who were returned in election after election by the French speaking majority of Quebec.

The dialogue which is so necessary in the opinion of Claude Ryan, and I share that opinion, would be much easier if French speaking Canada were to recognize that the English speaking minority that lives in my city of Verdun, for instance, is much more representative of English Quebec not only today but in reality for some considerable time. When I discuss, as I often do, in mixed company the complaints that French speaking Canadians have about confederation, the English speaking Quebeckers of Verdun quite often ask, "What am I guilty of" or, "How did I contribute to the present tension in this province, in this city or in this country?" They point out that their only contact with French speaking Canadians comes at work with the Northern Electric Company, Bell Telephone, Canadair or the railways. They say, "We have the same rate of pay. We do the same job. We reap the same benefits and suffer the same hardships as the worker from French Canada." They are puzzled, to a certain degree with justification.

Others say, "I married a French speaking girl. I get along wonderfully well with her relatives and she with mine," etc. Others say, "Our children play on the same hockey team. What am I guilty of? What is the English speaking minority of a working class district such as mine really guilty of other than not communicating enough?" But that is the fault of all Quebeckers, French speaking and English speaking; we all share the blame for this.

Much of the friction in that province could be eliminated if in French speaking Canada the people would understand that those who admittedly kept Quebec poor when they could have contributed more positively to its growth are not representative of the minority in the province, and that those who exploited Quebec in the past could do so only with the co-operation of French speaking leaders both in and out of politics. Our dialogue would also be more fruitful if perhaps some of the misconceptions about French Canada and French speaking Quebeckers were erased. Expo and the student exchange program this year have done a great deal to portray my province more accurately. Not all French speaking Canadians are called Jean-Baptiste. Not every family contains a priest, a nun or a brother amongst its children. Not all university graduates are lawyers or notaries. While the English speaking universities—I am sure the hon. member for Queens (Mr. Macquarrie) is more familiar with this subject than I—in this country are rediscovering the humanities, the French institutions of learning are turning out engineers, scientists, physicists and graduates from the new faculties of commerce. They are entering and competing successfully in those fields of finance dominated previously by English speaking Canadians.

Today more graduates of French universities are joining the ranks of the federal civil service than ever before. At least, this has been the situation in the last three or four years for which I have looked up the statistics. Today more than ever before representatives of French speaking Canada are working quietly and effectively side by side with their English speaking friends preparing for the future of this country.

• (5:30 p.m.)

I hope that the economic realities of the day, the cut-backs contemplated by the Minister of Finance, in no way restrict the economic growth of Quebec or in any way affect the development of those regions

which, as I stated earlier, are the potential source of separatism in the future. Quebec cannot stand any further increase in the rate of unemployment.

Quebec needs more secondary industry than ever before in its history. The labour strife that has marred the Quebec scene lately must be viewed in its total perspective. We must realize that for every strike there are hundreds of wage agreements reached and concluded with a minimum of fanfare in the province. Quebec has an ever-increasing source of skilled labour. The average worker in my province is conscientious and, given the proper opportunity, he will prove to be as productive as the worker in any other province.

Businessmen anxious to protect their present investments, Canadians anxious for this country to reach its potential, people everywhere anxious to remain united, should realize that this is not the time to find consolation in economic arguments against the validity or feasibility of separatism. This is not the time for blackmail or threats; it is not the time to take fixed positions. It is the time for dialogue, for communication, for sacrifice, for understanding.

I am more than ever convinced that in the proper relationship between the two founding races of this country lies our best defence against assimilation by the United States of America. I am convinced that it is under the form of federalism that the best safeguards exist for the continuation of the French language and French culture. These solutions should prove to be little problem, Mr. Speaker, now that sane voices are finally speaking out. As Claude Ryan so aptly put it recently in a thought-provoking editorial, federalism over the last 100 years has made possible in this country freedom of opinion, freedom of religion, freedom of speech, freedom of assembly. What other system, Mr. Speaker, could have done as much?

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, as the budget debate goes into its fourth day it should be made clear that we are following established procedure. Under the rules of parliament six days are allocated to the budget debate. As is the practice in every parliament in Canada, the opposition voices strong criticism of government policies and moves amendments which, of course, the government regards as votes of non-confidence

From headlines such as those in the Ottawa *Journal* for Friday, October 6, which stated "Grits Survive Another Non-confidence Vote", the public might receive the impression that we are taking up time in unnecessary talk. I just want to make it clear that this is a six-day debate according to the rules of parliament.

In this same vein of informing the public about what we in parliament are doing I should like to press my arguments a little further. Shortly before the resumption of parliament the Prime Minister (Mr. Pearson) outlined a list of 25 important pieces of legislation and 15 other items which he requested parliament to pass before the Christmas recess. I believe that press gallery writers and commentators worked this out to mean that 40 pieces of legislation had to be considered and approved in 45 actual sitting days. The Liberal press as usual has followed the government line. Articles have been written and comments made about the duty of opposition members to oblige the government by passing legislation, as if through the means of some sort of mass production mechanism. According to these Liberal propagandists we must curtail our criticism, limit our debate and give our blessing to all government programs.

Our system of parliamentary democracy does not work in this way, Mr. Speaker. Those who are attempting to pressure the opposition into passing so much legislation in so few days are conveniently trying to forget opposition attitudes from 1955 to 1963. In those days many of those who now sit on the government side sat in opposition, and it is a matter of record how they criticized and delayed measures.

If I may, Mr. Speaker, I should like to draw the attention of the house to two or three opinions expressed by opposition members of the day who now sit on the government side. The Secretary of State (Miss LaMarsh), who in 1962 sat on this side of the house, was very vocal in her criticism. As reported on page 227 of *Hansard* for October 4, 1962, she said:

> All members of the opposition were elected for one purpose, and that was in opposition to the government.

As reported on page 398 of *Hansard* for October 11 of the same year, the hon. member for Parkdale (Mr. Haidasz) said:

> Since it is the duty of members of the loyal opposition to oppose, I cannot see how one can have effective opposition without constructive criticism.

Lastly, Mr. Speaker, the Prime Minister, speaking in the house on February 4, 1963, said as reported on page 3409 of *Hansard*:

> So, Mr. Speaker, surely it is the duty of all members of the opposition in this house to give the people a chance to return what they would consider to be a better government. We can only do that by getting rid of this one, and that can only be done by taking a united stand.

I have quoted those extracts, Mr. Speaker, to show the change in attitude on the government side today. These quotations represented the views of some hon. gentlemen opposite when they were sitting on the opposition side, and they certainly lived up to those views at that time. They now want to limit criticism by hon. members of the opposition by introducing new rules, some of which I favour, though not to the extent of limiting debate.

The debate so far has been very interesting and I congratulate those who have spoken. The arguments have been very direct and opposition members have emphasized a genuine concern about the present economic situation in Canada. The Minister of Finance (Mr. Sharp) very casually described the situation as a heated economy. We agree that there is a heated economy in Canada, and we are trying to put heat on the government to take effective action to combat inflation and control prices of consumer goods and services. In regard to the heated economy perhaps I may be allowed to paraphrase a historical quotation and say that this government fiddles while the heated economy burns.

The Minister of Finance said, as reported on page 2808 of *Hansard* for October 4:

> The undesirable rate of increases in prices and costs to which I referred on June 1 has continued.

Then, as reported at page 2809 he admitted that:

> —the rate of increase in costs and prices is still much too high.

We in the opposition certainly agree with that, Mr. Speaker.

In the Canadian Statistical Review issued in September by the Dominion Bureau of Statistics there are charts which definitely show the steady rise in consumer prices and the steady rise in the cost of food. I commend these charts to the Minister of Finance.

• (5:40 p.m.)

In this regard I have also received a copy of a letter from the president of an association called "Women Against Soaring Prices," the original of which was sent to the Prime Minister. The writer talks of a petition and asks for an appointment at early convenience to discuss "with you what can be done to combat soaring prices on essential foods and skyrocketing rentals."

I also received a letter from a constituent who of necessity must buy drugs. She sent me bills for drugs which she had purchased on April 6, 1967 and April 25, 1967. The serial number of the prescription is given. On April 6 the drug cost $1.70; on April 25 the same drug with the same serial number cost $2.90, an increase of $1.20, as noted on the second bill. The April 25 bill has this notation also: "N.B. There has been a price increase on this prescription in compliance with the new pricing schedule. Thank you."

May I draw the attention of the Minister of Finance to the report of the thirtieth annual meeting of the Canadian Federation of Mayors and Municipalities. Glancing through this publication I find this statement:

> More than half of the 35 resolutions adopted sought increased federal financial assistance, directly or indirectly, for municipalities.

The list of these resolutions has been published. I quoted that paragraph to show the need for the government to take definite action with respect to our present economic situation. As I have said, other members of the opposition have dealt fully with housing costs, high interest rates and the ever-increasing costs of consumer goods and services. Those hon. members offered the Minister of Finance excellent advice.

I now wish to speak about another problem that ought to worry the government but does not seem to. I have a suggestion to make which could help our economy and bring in extra revenue for the government. The Minister of Finance, as well as the Minister of National Revenue, will be pleased that my suggestion will not entail a drain on the federal treasury. It would, in fact, add to the government's cash intake. All that is required is more direct action. Actually, greater sales effort is required.

I refer to the recent drop in wheat prices and the export sales of wheat. Some on the other side of the house may say that this is purely a western problem, but this would be a narrow attitude to take. Wheat prices and sales are of vital concern to the whole Canadian economy. This is acknowledged. For the sceptics on the government side may I refer to the 1963 report of the Bank of Canada and to a statement on wheat by its governor, Mr. Louis Rasminsky. In his report Mr. Rasminsky revealed that export wheat sales saved Canada from a foreign exchange

crisis. He said that a threatened run on the Canadian dollar was prevented by large sales of Canadian wheat and flour. Incidentally, these large wheat sales were to the Soviet union under contracts made possible by the initiative of the Diefenbaker government. Mr. Rasminsky reviewed the situation and the value of Canadian wheat exports and said that these exceptionally large export sales dispelled immediate concern about the possibility of renewed foreign exchange difficulties.

The wheat problem can best be summarized by reading briefly from a brief article published in the *Monetary Times* for October, 1967, captioned "Saskatchewan Wheat Pool." It is headed "A Serious Situation" and reads in part as follows:

> The 1967 crop is almost all in the bin but the prospects are bleak for its sale at a reasonable price.
>
> The Saskatchewan Wheat Pool is very concerned about this situation and is working hard to try to remedy it.

This article was written before the wheat had been completely harvested. It is all in bins now. It continues:

> Chas. W. Gibbings, Pool president, has said that Canadian wheat producers are facing the most critical marketing situation that has existed for more than 20 years. The price of Canadian wheat (at September 8)—

We have seen recent developments. This refers to September 8.

> —has fallen by 22 cents a bushel. The price has been forced down to meet the competition presented by policies of other exporters.
>
> The international wheat agreement lapsed on July 31 and a new one negotiated under GATT at Geneva cannot become effective until next July 1.

I now wish to refer to the "Wheat Review". Before doing so, may I say that I have talked to leaders of farm organizations who are concerned with this matter. The Dominion Bureau of Statistics publication dramatically illustrates the drop in wheat exports.

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

Mr. Pascoe: I am rushing to finish. Perhaps after I have finished the hon. member may ask a question.

Canadian wheat exports up to September 27 of this year amounted to 42,400,000 bushels. The figures for the same period of last year are 107,600,000 bushels. The chart put out by the Dominion Bureau of Statistics graphically illustrates what I am trying to say.

[Mr. Pascoe.]

As a result of opposition pressure and farmer agitation the government set the floor price for wheat at $1.95½ per bushel for No. 1 western wheat stored at Fort William. This gives some protection to western wheat producers but does not go far in offsetting the recent large price decline. In fact, this support price is only 25½ cents above the initial price paid to farmers when they deliver their wheat at country elevators.

The price protection that we had under the international wheat agreement was allowed to lapse on July 31. Apparently a gentleman's agreement at the Geneva conference on the Kennedy round of tariff cutting brought about a sort of understanding on wheat prices. The prices were to extend from a floor of $1.95½ per bushel to a maximum of $2.35½ per bushel, Canadian funds. The government's present guarantee of $1.95½ per bushel represents the lowest price that was apparently agreed to at the Kennedy round discussions. I use the words "apparently agreed to" because the Minister of Trade and Commerce has given us few details about the Kennedy round dealings. Accordingly, we must resort to other sources for our information.

• (5:50 p.m.)

I have here the July issue of *Executive* containing an article by Andrew Knight, a staff writer for *The Economist* of London, England. The subject is the Kennedy round cereals agreement and the heading of the article is: "The Poker Hand That Failed Us". It would appear that Mr. Knight attended the conference or that he at least had inside information about it. His comments may not be completely accurate or even fair, but I am taking them at their face value until we have been given further information by the Minister of Trade and Commerce (Mr. Winters). He writes:

> As the week ending April 15th drew to its close in Geneva, most of the major powers in the Kennedy round of tariff cutting negotiations were planning for make or break negotiations in the middle of the following week on one of the two big outstanding items which threatened to block the success of the entire round: cereals.

Then Mr. Knight goes on to tell us how the negotiators celebrated their accomplishments after agreement had finally been reached. He adds:

> Even to optimists, the depth of the tariff cuts on industrial trade was, after four weary and increasingly bitter years of wrangling, an unbelievable achievement. But it was an achievement founded on sacrificing some of the grandest aims originally envisaged in the early days of the Kennedy round. The largest of these was the loss of a comprehensive cereals agreement.

The writer ends his article by saying:

By and large the Americans have left Geneva happy men, a good industrial deal sewn up. Not so the Canadians, for whom grain, its access to major importing markets, and its floor price in times of glut, are vital.

I have referred to this article by Mr. Knight because the Minister of Trade and Commerce has given us so little information. Here are some direct questions to the government. Was a satisfactory cereal arrangement sacrificed in the interest of industrial trade, as Mr. Knight implies? Is there still time and still hope for a suitable price agreement? Is there still opportunity for assured access to major importing markets? These are the questions being asked by wheat producers. They want definite answers from the government now, while they are making plans for next year's crop.

If at all possible we want to avoid subsidized grain prices which would add to government expenditures. Extra burden on the federal treasury can be avoided and additional government revenue can be obtained if greater government effort is made to arrive at a new world wheat agreement involving substantial quantities of Canadian wheat at realistic prices.

I should like to present some figures to support my belief that additional revenues might be afforded to the federal treasury. In the last few years an export target of around 500 million bushels has been set for Canadian wheat. In the present crop year to date wheat exports have amounted to less than 50 million bushels. In the event that the government takes positive steps to bring export wheat sales for the present crop year to the target figure of 500 million bushels, this means there are still 450 million bushels left to sell before the crop year ends on July 31.

According to the "Wheat Review" issued by the agricultural division of the Dominion Bureau of Statistics, the average price for wheat sales on July 7, just three months ago, was $2.07⁹⁄₁₀ a bushel at the lakehead and $2.14²⁄₁₀ a bushel at Vancouver. These sale prices average about $2.10 a bushel. At the present time the government has guaranteed a wheat price of $1.95½ a bushel. If the price could be brought back to what it was on July 7 it would mean an increase of nearly 15 cents a bushel. Such an increase would represent some $67 million extra to the wheat producers on the sale of the 450 million bushels needed to bring the export total up to the 500 million bushel average.

To this high-spending government $67 million may not seem a very large sum. At any rate hon. members should bear in mind that the farmers would pay a considerable amount in income tax on these extra millions and that much of the money would go toward the purchase of new farm machinery and goods from retail stores. As a result of direct and indirect government taxes a great deal of it would come back to the federal treasury. I think this argument emphasized the need for government action in its own interests to ensure greater wheat exports at higher prices.

In the few minutes which are left to me, I have another suggestion to make concerning the marketing of wheat. It has to do with the movement of grain from the farms to the terminals at the lakehead and on the Pacific coast for shipment overseas. Most of this wheat now goes direct to the terminals, the initial payment to the farmers having made allowance by way of deduction for all weed seeds and other foreign matter present in the grain. In a box car containing 2,000 bushels there may be 40 bushels of weed seeds to be cleaned out at Fort William or Vancouver before the grain can be shipped overseas. In a string of 100 freight cars this would amount to 4,000 bushels of foreign matter for which freight rates have been paid by the farmers. I say "paid by the farmers" because the price they realize for their grain is the price of export sales at the terminal less what it cost to move it there by freight.

What I suggest is that the wheat should be cleaned in the west before shipment to terminals. The Canadian government elevator at Moose Jaw on the main line of the C.P.R. is ideally situated for cleaning south Saskatchewan grain before it is shipped east or west. The Robin Hood Mills at Moose Jaw recently shut down the flour milling portion of its operation but still maintains its large grain handling elevator and its grain cleaning machinery. The freight charges saved by having the grain cleaned in the west would more than offset the cost of cleaning, including the cost of extra handling where necessary. In addition, the cleanings or dockage would remain in the west to be mixed with other livestock food to help build up a western cattle or swine industry. I have suggested greater use of the elevator facilities at Moose Jaw to the Board of Grain Commissioners and I trust they will consider the merits of this proposal very carefully.

In conclusion, Mr. Speaker, may I call attention to my earlier comments about Canada's heated economy by referring to the

official opposition's amendment which reads as follows:

> This government has failed miserably to set an example of responsibility by its refusal to reduce taxation, by its reckless increase in governmental expenditures, thus contributing to the steadily rising cost of production to the great detriment of the Canadian economy and to the sharp increase in the cost of living, already overburdensome to the Canadian people.

I shall be most happy to support this amendment tonight, Mr. Speaker.

The Acting Speaker (Mr. Tardif): Order. It being six o'clock the sitting stands suspended until eight o'clock this day.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, before making some direct comments on the budget and estimates for 1967-1968, I want to take advantage of the traditional leeway that is always extended during the budget debate to refer to some remarks I made in the house last Monday evening regarding payments to hospitals in Quebec. This also, of course, is covered by our own federal estimates under the Hospital Services and Diagnostic Treatment Act.

Some hon. members, particularly those of you from the province of Quebec, may have noted the tremendous furore on the radio and television, and in newspapers in Quebec, with regard to my statement that the hospitals in Quebec were six months behind in the receipt of moneys from the provincial department of health in Quebec. I have no reason whatever to change one iota, one syllable or one word of what I said a week ago last night in this house. I would simply like to add a few remarks to those I made then.

A very highly placed official in the Quebec government called me long distance from Quebec city on Tuesday. He wished to discuss my remarks with me, and I was glad to talk with him. He emphasized, without any heat, that twice a month the Quebec department of health sends cheques to the hospitals in Quebec, on the 10th and 25th of the month. I said to him, "I have never denied you send cheques to the hospitals on the 10th and 25th of each month, if these are your remittance dates, but what I would like to point out to you is that the cheques you sent out in September covered expenses incurred by the hospitals as far back as February and March, which simply means that the hospitals in Quebec, or the boards of trustees, have themselves had to raise the money for the intervening six months to pay their staffs."

Since then, I have had several hospitals in Quebec telephone me. One hospital in particular wished to know if it was included in the four to which I made indirect reference, and I replied no, that I had not been speaking to any official of that hospital. The spokesman then said, "Count us in, that will make five."

This hospital, I believe the largest in the province of Quebec, to my surprise pointed out to me that when the individual hospitals submit their annual budgets to the Quebec department of health at the end of a calendar year, forecasting their expenditures for the coming 12 months, they do not hear from the Quebec government until possibly July or August. These hospitals have gone along in January, February, March, April, May, or what have you, spending according to the regular details of their submitted budgets. Then, in the summer, they may get word from the Quebec department saying, "We are cutting you back 20 per cent." In effect, the department does not approve a budget submitted at least seven months previously until the government's own good time.

I exceedingly regret the situation in the province of Quebec in this regard. I do believe that the federal government should have the right to demand an accounting of the expenditure of the funds it sends to the province of Quebec to be spent on hospital care under the Hospital Services and Diagnostic Treatment Act. True enough, this money comes under the Interim Financial Arrangements Act.

Last Tuesday, when I pointed out to the very highly placed official in Quebec that although the hospitals there are getting their cheques on the 10th and 25th of the month, but in September they were getting paid for March expenses, he completely changed the subject and said to me, "We in Quebec city have never received a cheque from the federal government for 13 months for hospital services."

You know, Mr. Speaker, the statement the gentleman made was correct. They have not received a cheque from the federal government for 13 months for hospital purposes because under the agreement between the province of Quebec and the federal government the money reaches Quebec under the

Interim Financial Arrangements Act, and of course the cheques do not have on them, "For hospital purposes." But the federal government is sitting here passing this legislation, passing these accounts in order that this money may be available for hospital purposes.

I immediately re-checked with the Minister of Finance (Mr. Sharp), with the President of the Treasury Board (Mr. Benson) and with the Minister of National Health and Welfare (Mr. MacEachen) because on Monday morning, a week ago, they had assured me everything that was due to Quebec was up to date. They reassured me on Tuesday afternoon, although they did not need to because I have every confidence that anything paid through the federal government to Quebec under the Interim Financial Arrangements Act is up to date. I just make these comments in passing because I regret the situation, and I wish it could be cleared up to the satisfaction of the hospitals and of their boards of trustees in the province of Quebec.

I am now anxious to make a few comments with regard to a budgetary item in the blue book—

Mr. Beaulieu: On a point of order, Mr. Speaker, I am very sorry to hear what I have heard, that the government of Quebec does not meet its obligations. I think the hon. member is very sincere when he speaks as he does—

Mr. Speaker: Order. Would the hon. member kindly state his point of order?

Mr. Beaulieu: The point of order is that the hon. member complains that the province of Quebec has not issued the cheques covering money that it got from Ottawa. I want to say that no hospital has made a complaint so far, and the province of Quebec—

Mr. Speaker: Order, please. This has nothing to do with a point of order. The hon. member should know that fact.

• (8:10 p.m.)

Mr. Cowan: I wish to refer to the budgetary item under the Treasury Board to be found at page 560 of the blue book—Contingencies, subject to the approval of the Treasury Board, $45 million. This is the contingency item of the Treasury Board about which there was considerable discussion and debate in November of last year. I spoke in November of last year and stated at that time that I regretted exceedingly the action of this administration in having paid the civil service in mid-November in the manner in which they did. I said it was a denial of democracy. I repeat tonight that the method of paying the civil service in mid-November last year was a denial of democracy and that a subterfuge was used in order to get around an interim supply vote. As a Liberal, born and bred, I regret exceedingly that the party to which I belong should indulge in such practices. I regret that this is the first opportunity I have had to speak on the matter in any detail, but I am taking the first opportunity to do so.

I should like to state that I consider the present actions of the cabinet a mockery of democracy and I am heartsick over the matter. This of course brings up the question, who is or what is the government at the present time? You will find in the parliamentary library a fine book by R. MacGregor Dawson who wrote a biography of Mackenzie King with which most of us are familiar. In 1949 he issued a book entitled "Democratic Government in Canada". On page 1 of this book we read this:

> The first and most important characteristic of Canadian government is that it is a democracy, a government which is controlled by the greater part of the people. It rests on the will of the people and is at all times responsive to their opinions.

Then on page 5 we find the following:

> Representative government (means) "Representatives" are elected to speak and act for groups of voters in association with representatives who have been similarly chosen by voters in other areas in the nation. The Canadian House of Commons (is) composed of such representatives elected by the people to act in their name and on their behalf.

It is true enough that we have representatives elected to the Canadian House of Commons ostensibly to act on our behalf, but I say to you that the representatives here are never consulted by the administration. We are members of parliament representing in some cases as many as 350,000 people. The first we ever see of a cabinet bill is when it is laid on our desks and we are not supposed to vote against it because this would make us rebels or heretics. I have no idea what the cabinet's estimation is of the intelligence of a private member when they expect to be able to place a bill before a private member which he has never seen and expect him not to question the contents of it simply because it has passed the tremendous brain power we find in the 26, or now 25, members of the cabinet.

I do not for one moment say that the cabinet is the government. In my opinion the government is the party to the right of the Speaker or, where there is a minority situation as in this case, the government is the majority of the House of Commons necessary to pass legislation.

I have in my hand a transcript of a talk by the Prime Minister (Mr. Pearson) given on the C.B.C. television network at 10 p.m. on October 5, 1965, before the last election. In this talk the following statement was made:

> The main reason for this election is that today there are major issues and problems facing Canada, and that in dealing with them the federal government—

Notice the reference to the federal government.

> —can do the best possible job only if it has the support of a parliamentary majority—

What is the idea in separating the federal government and a parliamentary majority? Are they two separate and distinct things? In the 1965 election we went to the people looking for a parliamentary majority, but here the Prime Minister says that in dealing with the major issues and problems the federal government can do the best possible job only if it has the support of a parliamentary majority. Quite definitely, here we have the federal government being separated from parliament itself.

Then, speaking in Halifax on October 22, 1965 the Prime Minister stated:

> Now, what we want to do in government is to have a government with a majority in the House of Commons—

If the cabinet is the government, then they cannot always have a majority in the House of Commons because there are only 25 or 26 of them and we know that is not a majority in a house of 265 members. Yet, we have the Prime Minister stating that what we want to do in government is to have a government with a majority in the House of Commons.

I agree with him that a government is a majority in the House of Commons, but I cannot agree with the practice which persists in referring to the cabinet as the government and which endeavours to make individual members simply ciphers of the will of the cabinet in the House of Commons. I apologize to the house as a whole, but interestingly I have in my hand a statement sent to me by the hon. Minister of Labour (Mr. Nicholson) having to do with the 1965 election. There is a very wholesome speech here by someone brought in to speak at his nomination meeting. While there is a statement that it is a speech on behalf of the Minister of Labour, nowhere is the name of the speaker mentioned. I trust, therefore you will not ask me to identify who it was that spoke at the nomination meeting for the Minister of Labour in 1965; you would have to ask the Minister of Labour. In this speech the speaker said that the necessity for a strong central majority government is vital to Canada. There again, you have a man referring to the necessity for a strong central majority government.

The cabinet can never be a majority government. Therefore, what does it mean when we have what I call a cabinet and have a man going to Vancouver and asking for a majority government. An interesting comment in this regard is this. When the Minister of National Health and Welfare (Mr. MacEachen) spoke on December 7, 1966 on the C.B.C. he started his address in this way:

> Beginning next year, if parliament approves—

It is very, very seldom that I ever hear the members of the cabinet make any such remark, "if parliament approves". We hear in advance through the newspapers and radio from the cabinet exactly what parliament will approve, because if it does not approve the members who do not agree are rebels or heretics.

Mr. Byrne: Or unemployed.

Mr. Cowan: I would not say that. Most of us had jobs. Only a few ran for parliament in order to secure employment. I do not wish to name them.

Mr. MacEachen's speech continues:

> This is the main feature of legislation presented to parliament this week by the government of Canada.

Why does he separate parliament and the government. Private members do not have to be consulted if the government of Canada is composed of those who are endeavouring to run things without reference to private members. Only last week I received a circular from the British Columbia Liberal party. It is headed Suite 20, 640 Burrard Street, Vancouver. It suggests that a minority government cannot serve the country as well as a majority government. When one refers to a majority government he must be referring to a majority in the House of Commons. The statement that a minority government cannot

serve the country as well as a majority government sounds pretty far fetched, because a minority government still must be assured of a majority in the House of Commons. As long as we have a majority in the house to pass legislation we have government. When it is suggested that a minority is not as good as a majority it must mean that the cabinet is not the government, because the cabinet made up of 26 people is not a majority.

• (8:20 p.m.)

I stated that I wanted to refer to an item on page 560 of the blue book, amounting to $45 million in contingency estimates. When the Liberal party was sitting in the opposition on December 19, 1962 I held a seat somewhere close to that occupied by the hon. member for Athabasca (Mr. Bigg). At that time the leader of the Liberal opposition made this statement, as recorded at page 2834 of *Hansard*:

> It is a traditional and fundamental right of parliament to vote taxes before they are collected and to approve expenditures before they are made.

I have never heard a statement by a leader of an opposition party with which I agree more. I believe that is the right of any democratic parliament in any country in the world where such a system is followed. However, let me refer again to these contingency estimates in the blue book amounting to $45 million. I must recall the episode last November when a subterfuge was used whereby the cabinet took an amount of money passed for supplementary estimates and used it to pay civil servants salaries in order to dodge a non-confidence vote in this house. In order to indicate who runs the House of Commons let me remind you that I drove on November 10, 1966 from Toronto to Ottawa on the word of the government whip that my presence was necessary to carry a vote in order to get interim supply.

I sat here and listened to the Prime Minister outline what was to be done. As he did so, I became a little more burned up, particularly when I recalled his words that it was traditional and a fundamental right of parliament to vote taxes before they were collected and to approve expenditures before they were made. Surely, that is a fine mouthful of words when you are on the opposition side.

After it was announced in this house that the civil servants would be paid with interim supply money voted for other purposes I passed through the curtains to the members' lobby and grabbed a member of the cabinet, a lawyer. I said to him, What is the legal authority for this underhanded action on the part of the cabinet? This member said to me, "Ralph, I haven't the slightest idea; I was never consulted on the matter." I then grabbed another member of the cabinet who was passing by and asked him under what authority the civil service was being paid as a result of what had taken place in the House of Commons. He replied, I was never asked about the matter at all. About four days later, I spoke to another member of the cabinet who had not been present in this house on November 10, and said to him that it was too bad private members did not take their responsibility as easily or as lightly as members of the cabinet. I reminded him that he was not even in the house on November 10 when a vote was expected. This member of the cabinet replied to me, "R.B. I asked what they intended to do about paying the civil service and they told me what they intended to do, so I flew home"

Following that exchange I asked this member whom he meant by "they", and he just smiled. Let me suggest to you that "they" certainly are not a majority of this House of Commons. This is a certain group of people who decided to circumvent that vote in parliament by using interim supply funds voted for other purposes.

I am concerned about this $45 million contingency estimate in the blue book. It is still a fundamental right of parliament, as the hon. member for Algoma East (Mr. Pearson) said a long time ago, in 1962, to vote taxes before they are collected and approve expenditures before they are made. The public accounts committee of this house met last November and discussed this matter in detail. I have a copy of the report of that committee for Wednesday, March 1 covering its considerations of November 22 and 23. It is based pretty much on a statement prepared by the Auditor General of Canada, Mr. Henderson, in whom we all have utmost confidence. That committee discussed this matter in detail, following which it brought in its thirteenth report. Among the recommendations of that report following the evidence of Mr. Henderson the committee stated:

> The committee discussed this statement on that date and questioned the Secretary of the Treasury Board who provided the members with additional helpful information on the subject. This discussion brought out clearly both the significance and importance of parliament's control of public funds and the need for continued vigilance on the part of all members of the house to ensure that the control is effectively and properly exercised.
>
> The committee is of the opinion that there is a weakening of parliamentary control when parliament is unable to take the time to examine in detail the amounts being requested as interim

supply particularly when these exceed the normal 1/12 for each month for which interim supply is requested. It considers it unfortunate that the parliamentary rules do not provide for immediate consideration of the estimates after they are presented to the house so that the proposed spending can be approved and interim supply would not be required so extensively. It feels that the rules could and should be changed in this regard in order not only to strengthen parliamentary control of public funds but to give the executive the clear mandate it deserves in the discharge of its heavy responsibilities.

The committee submits the following recommendations designed to strengthen parliamentary control of public expenditures in the future:

1. (a) that the business of the house be so arranged that consideration of the annual main estimates by the various committees of the house and by the house itself be completed within three months of the tabling of these estimates;—

This is October and we are discussing estimates which were submitted last spring.

The recommendations then continue as follows:

2. that there be no change in the treasury board's procedure whereby it is the agency which determines the government's overall cash requirements in stated areas, e.g., salary increases. However, once this determination is completed and the individual departmental needs established the committee believes that the additional amount required by each department should be made the subject of a supplementary estimate prepared by the department concerned for submission to parliament for its consideration and appropriation in the usual manner.

That public accounts committee report was tabled in this house on March 1. It has never been brought to a vote, even though the chairman of the public accounts committee wanted to move concurrence in order that there might be a vote on the floor of this house.

An hon. Member: Would the hon. member permit a question?

Mr. Cowan: I have only six minutes left at my disposal. This government has included a contingency item in the amount of $45 million, in spite of the fact that this committee recommended that supplementary estimates of various departments be made the subject of supplementary votes by the departments concerned.

In the last paragraph of Mr. Henderson's recommendations and conclusions he stated:

This approach may make for smoother administration overall but runs counter to the very proposals of decentralized authority which the Glassco commission preached and which treasury board now proposes to adopt. I think in circumstances such as these it would be more meaningful and certainly more helpful to the house in its control of the money supply were the amount of the individual departmental requirements for the additional salary money to be the subject of supplementary estimates put in by each of the departments concerned—in fact, it seems to me that this is precisely what the supplementary estimates procedure is for, namely to bring to the attention of the house unforeseen expenses encountered by a department, e.g., retroactive salary revisions. If a change like this were to be made, then the finance contingencies vote could be returned to its original concept, namely that of a small fund to be retained for unexpected and unforeseen items.

I believe we are experiencing a mockery of democracy as long as we withhold from the parliament of Canada the opportunity of passing on these estimates for interim supply, if it is necessary to have interim supply, because we are being asked to vote in this case $45 million, and were asked to vote not long ago $110 million to the contingency fund. That, to me, does not show able management of the nation's finances when you have $110 million in a contingency fund.

• (8:30 p.m.)

I should like to draw the attention of the house to this fact. Get your blue book, look at page 560 and you will find we are asked to pass a $45 million contingency vote under the 1967-68 estimates. Then, it says that for 1966-67 the figure was $29,651,300. Turn to the front of the book and you will find these words on page 4, across the top:

General Summary. Estimated expenditure for the fiscal year ending March 31, 1968,—

This is the first column of the table shown on page 560.

—compared with the aggregate of the main estimates, supplementary estimates (A), supplementary estimates (B), supplementary estimates (C), supplementary estimates (D), supplementary estimates (E) and anticipated further and final supplementary estimates for the fiscal year ending March 31, 1967.

The figure given on page 560 for 1966-67 is $29,651,300; yet on page 4 you are told that 1967-68 is compared with the aggregate of the main estimates and supplementaries for 1966-67. I tell you that the main estimates plus the supplementals totalled $110 million for 1966-67. Why do they take the total estimates of 1966-67 of $110 million under that heading and refer to them as being $29,651,300? What happened to the remaining $81 million in there, because in the vote it says that this money can be re-used if repaid into the contingency fund?

The Auditor General has advised against adopting this practice. The public accounts committee has recommended that this practice be not used. The Prime Minister himself, speaking in the house on December 19, 1962, said that it is traditional that parliament

approve expenditures before they are made. But we have it in the blue book that the government is asking for $45 million for a contingency fund. I have looked up the contingency votes from 1954 to date. I have spent a great deal of time on the matter. I looked at the figures from 1954 to 1957 because a Liberal government was in office at that time. The contingency fund was then only $1 million or $1½ million except for the last year, 1957—that is the last year of the St. Laurent government—when there was a contingency fund of $30 million. Under the Diefenbaker government the contingency fund was down to its normal figure of $1½ million to $2 million.

Some hon. Members: Hear, hear.

Mr. Cowan: But once we get into 1963-1964 you get the figures going sky high through the roof because of the way in which the contingency fund is being administered. The Auditor General refers to this in his report given to the public accounts committee of the House of Commons. He shows in that report how this fund has been going up to $46 million, $71 million, $60 million, $60 million, and one year $110 million. There has been ample time to prepare the votes in this blue book for possible salary increases throughout the various departments for the year ending March 31, 1968, without the cabinet coming back here and laughing in the face of the public accounts committee or without laughing in the face of parliament and putting in an estimate for $45 million for contingencies.

I regret that Right Hon. C. D. Howe, whom I consider to be one of the greatest Liberals of all time, made the remark, "What's a million?" That remark was made in the heat of debate during the war. I can forgive him for asking, "What's a million?" But discussing the figure of $45 million in a contingency fund estimate with a cabinet minister—

Mr. Speaker: Order please.

Some hon. Members: Carry on.

Mr. Speaker: I have to interrupt the hon. member as his time has expired, unless he has the unanimous consent of the house.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: I hear at least one "No."

Mr. Caouette: Who said "No"?

Mr. Danforth: The Liberals shut him off.

Mr. Bigg: On a point of order, Mr. Speaker, would it be in order to endorse in toto the last speech?

Some hon. Members: Oh, oh.

Mr. Speaker: It might be in order, but it would not be a point of order.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, during the course of the budget debate today several hon. members indicated at the outset of their remarks that they would keep them on a high, non-partisan level. Having just listened to the hon. member for York-Humber (Mr. Cowan), I think we can classify him in the group of non-partisan speakers this evening.

Some hon. Members: Hear, hear.

Mr. Dinsdale: The hon. member for York-Humber is speaking from the government side of the house. I noticed that the back benchers on the government side, as well as those on the treasury benches, were listening with a great deal of attention and care to what the hon. member was saying. I am sorry that the President of Treasury Board (Mr. Benson) was not in the house to hear the speech, because the hon. member for York-Humber took a somewhat different tack from that taken by the minister this afternoon. The minister suggested that so far as our economic and fiscal affairs are concerned, all is for the best, in the best of possible worlds.

Having said that I wish to take a non-partisan approach this evening, I can agree with other speakers who have indicated that, while we might have difficulties in Canada, if we look at the total prospect and if we look at the situation in a non-biased manner, we have much to be thankful for in this country. I believe this has been the keynote of our centennial celebrations. I feel that the centennial celebrations have done more to create a spirit of unity and national purpose than anything that has taken place during our discussions in this house.

This provides me, Mr. Speaker, with an opportunity to pass along a word of commendation to one who has had a major responsibility for creating, in the first instance, and then carrying out many of the ideas which have since been implemented as centennial projects. I refer, of course, to Mr. John Fisher who just the other day—

Some hon. Members: Hear, hear.

Mr. Dinsdale: —indicated that he was leaving his post as Canada's Centennial Commissioner and moving back into the publishing field. Those who had the opportunity of working with Mr. Fisher when plans for the centennial were first under discussion have to admit, even though politicians take a great deal of credit for what has been accomplished during the past year, that the really successful ideas, such as the centennial train, the centennial flame, and the many manifestations of Canadian culture that have taken place daily here on the hill—came from the fertile mind of Mr. John Fisher.

Some hon. Members: Hear, hear.

Mr. Dinsdale: We wish him well as he moves into further fields of service to Canada. I think we would all hope that those fields might have closer identification with the affairs that take place here on parliament hill. However, it would appear that this is not to be so, judging from the announcement of Mr. Fisher himself, that he has already made his decision. One never knows, however, just how public events will eventually take shape in Canada. It could be that, in the not too far distant future, Mr. Fisher will be called upon to play a very important role in the affairs of the nation in this, the highest court of public opinion.

• (8:40 p.m.)

While I am saying, Mr. Speaker, that we in Canada have much to be grateful for, it is obvious that we are facing critical financial and economic problems. Ever since we resumed our session two weeks ago the major burden of the debate has rotated around such subjects as the housing crisis and inflation. The Minister of Finance (Mr. Sharp) now adds another interesting, ambiguous phrase by referring to "the necessity for managing prosperity".

I am not going to deal, Mr. Speaker, with these all too obvious difficulties that have been referred to by many members in the course of the budget debate. However, I am going to suggest that one of the main reasons the government finds itself in a difficult and complex financial situation at the present time is its tendency to take as gospel truth its own propaganda. It has begun to believe in its own inspired publicity releases, and over the past few years that the Liberal party has been in power this tendency has created a psychological atmosphere which is becoming increasingly difficult to control.

It was interesting to listen to the impassioned plea of the Minister of Finance as he attempted to dampen down the fires of inflation that have been kindled by this psychological propaganda campaign. Obviously the President of the Treasury Board and Minister of National Revenue (Mr. Benson) does not accept the advice of the Minister of Finance, because this afternoon he made a speech which indicated he was still of the opinion that there is nothing critically wrong with the state of the economy in Canada.

It is also of interest, Mr. Speaker, that the President of the Privy Council (Mr. Gordon), the former minister of finance, was the first to reject publicly the appeal of the present Minister of Finance for voluntary restraint. He has been the perennial optimist of the Liberal government and Liberal cabinet, and in his speech the other evening he saw nothing about which to be unduly worried. He said everything would straighten itself out in due course if we would all refrain from rocking the boat.

This is an indication, Mr. Speaker, of the difficulties the Minister of Finance is experiencing in controlling the spending habits of his own colleagues in the cabinet, and it accounts for the runaway inflation from which Canada has been suffering during the past two or three years.

In his comments this afternoon the Minister of National Revenue sought to compare the wonderful state of the economy with the rather unhappy state of affairs that existed, say, six, seven or eight years ago when another party was in power. This is the basis for the propaganda which has led the present government into the slough of despond in which it finds itself at the moment.

I should like to take the opportunity, once and for all, to give the lie to this persistent propaganda that at the beginning of the sixties things were going to the dogs in fiscal and monetary terms but that now we are headed into the promised land of prosperity; that, to use the phrase of the Minister of Finance once again, all we have to do is to manage our continuing Liberal prosperity.

I like to read the speeches of ministers from time to time, Mr. Speaker, especially those that are delivered beyond the shores of Canada, because sometimes a non-partisan and objective viewpoint is expressed of the sort that is not often heard when a minister speaks in this country. In a speech before the Chambre de Commerce Franco-Canada in Paris on February 10, 1966, the Minister of

Trade and Commerce (Mr. Winters) made this significant statement:

> One thing is clear: Canada and France have seen ten years of exceptional progress—economic, social and technological. Opportunities for greater trade and closer relations are growing in proportion. With the future economic goals which we both hope to realize, we must exploit those opportunities to the full.

In other words, the Minister of Trade and Commerce did not go back just six years, as has been the pattern with most responsible economists; he went back a period of ten years, from 1966 to 1957.

Then in the *Executive* magazine for January, 1966 there appeared an editorial under the heading "Outlook" which contained this interesting paragraph:

> Entering the sixth consecutive year of expansion, care must be taken to avoid the assumption that the business cycle has been banished from the scene. In fact, there are still cyclical elements to be observed in the economy, but in 1965 these were offset by other sectors in much the same way that they were in 1962.

That takes us back six years, Mr. Speaker, to a year referred to by the Minister of National Revenue in his remarks this afternoon as one with almost depression-like qualities so far as the economy of Canada was concerned.

An article in the *Monthly Review* of the Bank of Nova Scotia for February, 1966 uses almost the same phrase, and I quote:

> In continuing refutation of textbook cyclical patterns, the Canadian economy is now moving into its sixth year of sustained advance. What is even more important is the fact that this expansion has at long last brought the economy back very close to capacity operation. Indeed, demands on the economy have been sustained with unexpected vitality during the past few months—

Facing that economic situation, Mr. Speaker, the government came into office in 1963 having been confused by its own propaganda, which had been declaring that the Canadian economy was in a depressed condition.

• (8:50 p.m.)

The government said that it must get the economy moving once again and that finance was hopelessly confused. It proceeded to operate on the basis of its own delusions, the result being that we are faced with inflation to the extent that the Minister of Finance has to plead with his colleagues for restraint, and to plead with the public. Goodness knows, though, the public, with the increasing taxation and all other fiscal ills that have beset it, has been exercising admirable restraint. The President of the Privy Council and the Minister of National Revenue during this debate have turned aside from the appeal of the Minister of Finance for restraint within the government.

There is a tendency, too, to blame the provinces. I want to deal with this aspect of the government's interpretation of the current economic crisis for a few moments. When the government resumed office in 1963, part of its propaganda barrage was that the spirit of co-operative federalism would reign supreme in the administration of Canadian affairs at all levels. This was wise, because with our divided jurisdictions and our political and economic structure we can deal with national economic and fiscal policies successfully only by the closest possible inter governmental co-operation. It is distressing to see the current trend; now that the government is in trouble it tries to tie the can to the tail of the provincial cat.

I shall deal with one instance to show what the government currently is doing. In the manpower area, for example, we have recently seen a thoroughgoing revision of the functions of the unemployment insurance commission and national employment service; the name of the organization has been changed to the department of manpower. Ottawa has moved wholesale into this area on the strength of the constitutional amendment which was necessary to set up the unemployment insurance commission. All these revisions entail, it seems to me, a propaganda approach. The term "manpower" in this area of economic activity is popular among social scientists today and the government has applied it to its revamped national employment service. I will not say whether that is wise or unwise, but I do say that in moving wholesale into this area the effect on the government's retraining program has been disturbing. Some aspect of this has already been discussed and there will be more discussion along these lines as the current year takes shape.

In the medicare field, several speakers have referred to the urgent necessity for further conferences and consultations between Ottawa and the provincial governments. Medicare is an important new development in the social welfare and health field. This brings us to something that has been referred to several times in the debate, the necessity of emphasing priorities of expenditure. The Minister of Finance and the President of the Privy Council, through their responses to

suggestions from opposition spokesmen, seem to think that we are against medicare. That is a propaganda line and is patently false. One could call it plain, cheap politics with respect to this important health measure. We are asking for further consultation because the provinces are unhappy with the fiscal demands that will be placed on them by this arbitrarily imposed federal initiative. They object not only to the fiscal demands but also to the inadequacy of the federal government's proposed program. This leads one to comment on the whole approach of the Liberal government to the social welfare and health field.

There has been complete lack of planning and rationalization of our health and welfare programs to meet the demands of these important areas of human activity. The government's emphasis is on what one might call the welfare state, a concept that is rapidly becoming outmoded in the light of experience of countries which have gone holus-bolus for the welfare state, such as the United Kingdom and, to a lesser extent, Sweden, with its great social democratic experiment.

The provinces are not demanding cradle to the grave welfare, which takes care of one whether one needs it or not. The provinces are providing realistic leadership here. They are asking for priorities. The implication of priorities is that we shall develop a social program that will provide assistance where it is needed and help Canadians everywhere to deal with handicaps, whether they are educational, fiscal or physical, that they may fulfil themselves to their maximum advantage within a free society. Before we become embroiled in a medicare scheme which does not come to grips with the fundamental and broader needs of health care in today's Canadian society, the federal government would be well advised to call together the provinces and to listen carefully to what they are saying on these matters.

The Prime Minister has entered this debate. Defending the charge that the federal government has been unwisely lavish in its expenditure of public funds, he said that the provinces are in precisely the same position and are just as guilty as Ottawa in making unnecessary expenditures.

I shall not defend the provinces; I am not familiar with what has happened in every province, but I can speak for my own province, Manitoba, which had a change of government in 1958. The government of that year replaced one which had been continuously in office since 1922. The proud boast of the old government had been that it had the lowest tax rate of any provincial government in Canada.

[Mr. Dinsdale.]

• (9:00 p.m.)

The obvious answer is that the level of services provided was also the lowest. It happened to be a Liberal provincial régime, and if recent provincial expenditures in that province have increased at substantial rates in the past it is because of the need to remedy the long years of neglect particularly in the area of education. Manitoba has made education its number one priority, a position taken by a number of other provinces which realise that in order to make it possible for human resources to be used with maximum effect people must be provided with the schooling that is necessary.

Over the weekend we were given an example of what is happening in Manitoba and in other provinces in Canada which have had to take a lead in meeting the rapidly growing need for higher education. Over the weekend Brandon College formally assumed university status. Among the special events which took place was the conferring upon the hon. member for Winnipeg North Centre (Mr. Knowles) of an honorary doctorate. So, from this point onward the hon. member for Winnipeg North Centre can be addressed as "Doctor".

As to this tendency to criticize provincial authorities, I wish to refer to another matter in which I have taken a close interest during the past several years, the whole subject of recreational park development. It was hoped in 1962 that the government would meet the rapidly increasing demand for recreational services for our urbanized society. It was hoped that Ottawa would seize the initiative in promoting an effective recreational parks development program. Each year since then discussions have been held on the subject, promises have been made and we have been told that some scheme or another was just around the corner. Nothing materialized and the provinces have at last got tired of waiting for federal initiative, with the result that right across the country they are moving into this area of park development, something which involves the expenditure of considerable sums of money. I think this is an area which accounts in a substantial measure for at least some of the expenditures by provincial government to which the Prime Minister referred.

The same applies to the roads to resources program, another co-operative federal scheme which has been discontinued by the present government. Roads are basic to development

and it has become necessary for provinces to assume complete responsibility for this aspect of their progress.

To sum up these observations about the tendency of the federal government to shift responsibility on to the provinces, I shall make a passing reference to the constitutional debate or to the so-called confederation crisis. I agree with all those who have said we must take particular care to be non-partisan when dealing with this subject. Here is an area where continuous dialogue is necessary if we are to reach any common basis of understanding and obtain the unity which can possibly be obtained out of the diversity of the Canadian body politic. Here again the provinces have been obliged to take the initiative. The Confederation of Tomorrow Conference which should have been initiated by the federal government has, instead, been initiated by the government of Ontario. This is one of the most severe criticisms which could be directed—

The Acting Speaker (Mr. Rinfret): Order. I regret to interrupt the hon. member but the time alloted for his speech has expired.

Some hon. Members: Carry on.

The Acting Speaker (Mr. Rinfret): Is there unanimous consent for the hon. member to continue?

Some hon. Members: No.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I thank my excellent friend from Lotbinière (Mr. Choquette) for having recognized that I am still the head of the movement which I have been representing in this house for more than six years already.

Mr. Speaker, we have before us an amendment moved by the Conservative party and providing that:

> This government has failed miserably to set an example of responsibility by its refusal to reduce taxation, by its reckless increase in governmental expenditures, thus contributing to the steadily rising cost of production to the great detriment of the Canadian economy and to the sharp increase in the cost of living, already over-burdensome to the Canadian people.

This is a series of words which do not mean much, because absolutely no solution is given to that knotty problem now existing in this country.

It is all very well for the Conservatives to say that the government has refused to lower taxes. But when they were sitting on the government front benches, did they lower taxes? In what way and at what time have they lowered taxes? Did they curb government expenditures?

Following the Liberals in 1956-57, just like today, following the Conservatives, we note that unconcern toward government expenditures. The word "unconcern" is perhaps a little strong, because all of us, Conservatives, Liberals, Créditistes, are always asking more for the Canadian people.

In the field of agriculture, for instance, we pestered the government, and quite rightly, so that it might give the farmers $5 per hundredweight of manufacturing milk. We asked the government to increase pensions and to spend more in one specific field. For six years now I have been asking that the radio and television services of the French network of the C.B.C. be extended to French-speaking populations in British Columbia.

An hon. Member: That will start on November 1.

Mr. Caouette: Wait. I understand it is supposed to start on November 1, but I am still not too sure about that.

Some hon. Members: Oh, oh.

Mr. Caouette: In any event, I put the question to the hon. Secretary of State (Miss LaMarsh) ten days ago. The hon. minister did not know and a civil servant who was seated up in the gallery sent her the note I have here, in which he said bluntly:

[*English*]

> Minister: Re Caouette question on C.B.C. French services to B.C., the situation is:
> Radio—an application for establishment of a French language F. M. station in Vancouver has been approved and the station is expected to be on air November 1.

• (9:10 p.m.)

Some hon. Members: Hear, hear.

Mr. Winch: Why?

Mr. Caouette: My hon. friend from Vancouver East asks me why. I say to help him to understand French in Vancouver when he is there.

Mr. Winch: I spend a lot of time in Ottawa.

Mr. Caouette: Maybe you would prefer to be in China. You have only to go if you want. Nobody stops you from going. The note continues:

> T.V.—in long-range plans but nothing definite at this stage.

I see my hon. friend from York-Humber applauding because apparently it will take another decade, or two decades, before they get t.v. in French in Vancouver.

Mr. Cowan: Why in French, man?

Mr. Caouette: Why an English T.V. station in my own district? Tell me why?

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Caouette: Mr. Speaker, it is beyond my understanding when I see narrow-minded people cause prejudice to unity and understanding among Canadians. As for me, I was happy to learn the English language when nothing whatsoever compelled me to do so.

Some hon. Members: Hear, hear.

Mr. Caouette: Indeed, I learned that language.

We are glad we have English radio and television stations in the cities of Quebec and Trois-Rivières, because we are aware that the English-speaking Canadians of Quebec enjoy, in our province, the same rights as we do.

Some hon. Members: Hear, hear.

Mr. Caouette: I declare, Mr. Speaker, that I should enjoy the same rights in British Columbia, in Saskatchewan, in Alberta, in Manitoba—

Some hon. Members: Hear, hear.

[*English*]

Mr. Winch: But the English are paying for French T.V.

Mr. Caouette: And the French are paying part of your salary here in Ottawa.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Caouette: Listen to that, Mr. Speaker. I have just been told that Vancouver taxpayers will be paying for that.

Mr. Speaker, over the weekend, we had our convention of the Ralliement Créditiste in Quebec. Today, I read an article in *La Presse* written by a newspaperman who attended the convention. Just to show you to what extent a newspaper man can be—possibly not dishonest—but lost in the clouds, like certain leaders we have in province of Quebec, I shall read what he wrote:

> Mr. Caouette's concept on the constitution is well known. Canada should continue to exist as is. There is only one country and two cultures that should be officially recognized.
>
> [Mr. Caouette.]

That is not at all what I said. So, I should like to repeat here in the house what I said at the convention, so that it will be recorded in *Hansard* and my friends for York-Humber and Vancouver (Messrs. Cowan and Winch) will know exactly what my personal convictions are and know also the convictions of the group I represent in the house and those of all our partisans in the province.

Mr. Speaker, there are not ten Canadas, according to the whims of wishes of the provinces. There are not five Canadas. There is but one country, called Canada, from Newfoundland to Vancouver. I hope my friend, over here, has understood me.

[*English*]

Mr. Winch: One Canada?

Mr. Caouette: One Canada. Now that my hon. friend agrees with me, he will be willing to pay taxes for a French T.V. station in Vancouver.

Mr. Winch: No "two nations."

Mr. Caouette: No two nations, no special privileges.

Mr. Winch: One Canada.

Mr. Caouette: Yes, and respect between all the others existing in Canada. Now, let me finish my statement.

[*Translation*]

One Canada, with the various cultures it is made of. Not two cultures, but several cultures! And I know what I am talking about!

At home, in Rouyn-Noranda, we have Ukrainians, Poles, Italians, Russians, Finns, Yugoslavs, Tchecoslovakians. We have about every culture, and mind you, they each have their own association. Each group has its association in our area. Every year these various groups have their celebrations, and we are glad and happy to see, for instance, the Ukrainians celebrate their feast. We attend their folk dances and their sing-songs. We see the Poles and the Germans performing theirs. And two years ago, during a trip to Winnipeg, I noted the same thing in that area. These Ukrainian, Polish, Italian and German people are neither French Canadians nor English Canadians, but they are still Canadians, and I am convinced of their cultural contribution to Canada.

I would like to continue my speech. Canada is one country. We should not be afraid to

say it. The proponents of the two-nation concept, three nations, one and one fourth nation, who do not know the meaning of the word "nation", have said: We are in favour of two nations. What does this mean? This means "two founding people". This is not what "nation" implies. A nation, to my mind, is all the citizens of a same country. Here, in Canada, we have citizens of various origins, living in a country called Canada.

Mr. Speaker, several cultures, two official languages. Two official languages—

• (9:20 p.m.)

[*English*]

Mr. Cowan: There is only one official language.

[*Translation*]

Mr. Caouette: Two official languages.

[*English*]

Mr. Cowan: The other is permissive.

Mr. Caouette: Your English in my province is permissive and this is because we want to respect you. We are giving you permission to speak your language in our province.

Mr. Choquette: One official language—French.

[*Translation*]

Mr. Speaker, the hon. member for York-Humber (Mr. Cowan) is more of a separatist than the hon. member for Lapointe (Mr. Grégoire), in that case.

Some hon. Members: Hear, hear.

Mr. Caouette: Two official languages—

Mr. Cowan: One.

Mr. Caouette: —because our country was in fact built by two different ethnic groups, two different cultures. The Ukrainians, the Poles, the Italians, the Germans, the Russians and the Slavs who come to Canada do not refuse to learn English or French, nor to accept these two as the official languages of the whole country, not only of Quebec. No, they are official in the whole of Canada.

Some hon. Members: Hear, hear.

Mr. Caouette: When our forbears discovered Canada, they did not discover Toronto, Montreal or Quebec city only, they discovered the whole of Canada, and some of our people live in western Canada, just as there are Anglo-Saxons in Quebec. It is strange that, in the province of Quebec, we do not hear Anglo-Saxons complain about the way they are treated.

I will now complete my remarks, I will explain my position. National unity, according to the member for York-Humber, would consist in speaking only one language in Canada. In my opinion, national unity is something else. When the member for York-Humber treats French-speaking Canadians in Ontario and elsewhere in Canada as we treat the English-speaking minority in Quebec, then we will have national unity.

Some hon. Members: Hear, hear.

Mr. Caouette: That does not mean that the hon. member must learn French, no. There are in Quebec English-speaking people who have always refused to learn French; that is their business. However, is not my very good friend, who is in favour of the monarchy, a little ashamed when he hears Her Majesty the Queen of England speak French practically as well as we do?

Some hon. Members: Hear, hear.

Mr. Caouette: There is not a single Prime Minister of Great Britain who does not speak French. The hon. member for York-Humber is still one of those Orangemen from Toronto who have always refused to learn anything but English.

Mr. Mongrain: Mr. Speaker, would the hon. member allow me a question?

Mr. Caouette: Yes.

Mr. Mongrain: Does the hon. member know that the grandfather of the hon. member for York-Humber who is buried in a Trois-Rivières cemetery spoke French?

An hon. Member: His children turned out scamps.

Mr. Caouette: Mr. Speaker, I thank the member for Trois-Rivières (Mr. Mongrain) for letting me know. It is unfortunate that the grandson did not follow in his grandfather's footsteps.

Some hon. Members: Oh, oh.

Mr. Caouette: Mr. Speaker, once more in a serious vein, I feel that when Canadians, from coast to coast, understand not only the necessity but the urgency of recognizing the two official languages right across Canada, we

will then help all our fellow-citizens, regardless of their origin; we will then respect the very basis of confederation, the very basis of the agreement between French-speaking and English-speaking citizens.

Then, Mr. Speaker, a lot of things will be settled, many problems solved. But as long as there are narrow-minded people on both sides—and there are some also among French Canadians, namely Pierre Bourgault of the R.I.N.—it will be more difficult. I watched Pierre Bourgault on television last night. As of yesterday, he is against terrorism; the day before, he was ready to sink ships going through the St. Lawrence seaway. One day, he is a terrorist, the day after, he is not.

This is to show you, Mr. Speaker, that this matter is very important. But it will be settled much more easily after the economic problem is geared to present needs and solved so as to meet the requirements of all Canadians.

And here is a clipping from *La Presse* where the former minister of justice of Quebec, Mr. Claude Wagner says:

> Convinced that, on the whole, the population of Quebec does not care a hoot about the constitutional crisis and that the citizens of Quebec, according to him, mostly want "bread, butter, security, order and justice", Mr. Wagner stated that the Quebec political elite should come to its senses and deal with the problems facing Quebec.

And not only Quebec, but all over. Further on, he speaks of the famous war on poverty that seems to be forgotten everywhere.

Mr. Speaker, it is a fact that we have been hearing about war on poverty in parliament for some time. Themes have been brought forward, yes, but no solution. As the Minister of Finance (Mr. Sharp) said on October 2, as reported on page 2730 of *Hansard*:

> But I decided it really was not necessary because I remember with what wholehearted enthusiasm the members of the official opposition urged us to spend hundreds of millions of dollars in excess of what we have.

When I hear the Minister of Finance or his assistant talk to us about "spending money in excess of what we have" I wonder what are our means? The means given to us by Washington? The financial or physical means at our disposal for the development of our country? Do we have the physical means necessary for development in the field of housing construction, food prices, the increase of agricultural production and the establishment of secondary industries in Canada, or are we only to take into account our financial resources? I understand that the minister, or the government, has to ask New York for the financial permission to develop anything in Canada.

Mr. Speaker, all this is very annoying. So far as financial means are concerned, it is more than a simple question of "means", for we are asked for interest which we pay without paying off the capital. We, members of the Ralliement Créditiste, still maintain that whatever may be accomplished physically in Canada could and should be financed through the Bank of Canada. I see that my hon. friend from Saint-Maurice-Laflèche (Mr. Chrétien) finds that funny. In fact, he was telling me a while ago that we agree as to the constitutional problem right up to the point concerning the Bank of Canada.

• (9:30 p.m.)

Now, merely to include the Bank of Canada in the constitutional debate would allow the bank to finance our economy and to wage war efficiently against poverty. Then, other constitutional problems would be easily solved, since no one is more interested than our people in seeing an improvement in the economic climate.

And when we hear—

Mr. Mongrain: It would be a good thing to abolish election funds.

Mr. Caouette: This would be a step in the right direction, to abolish election funds, so as to save more money to fight poverty. However, Mr. Speaker, complaints are being heard today from certain people, especially from Quebec, who decry Ottawa: Ottawa steps on the provinces' toes; if things go wrong, it is Ottawa's fault; if things are going wrong in Quebec, it is because of Ottawa.

I have here a table showing the various taxes levied in the ten Canadian provinces. This chart was prepared by Mr. Henri Bellehumeur of Rouyn, after he had inquired from every province about sales taxes, taxes on meals, hotel rooms, soft drinks, hard liquor, telecommunications, tobacco, cigarettes, and gasoline.

In Quebec, it is 8 per cent across the board. Nobody can say it was Ottawa who imposed the 8 per cent tax; or the 48-cent tax on cartons of cigarettes; or the 16-cent tax on gasoline. If we compare this situation with that prevailing in Alberta who has only 2 million inhabitants, we find that there are no such taxes except for a 12-cent tax on gasoline. In fact, meals, hotel rooms, soft drinks, drinks in

general, beer, telecommunications, tobacco and cigarette cartons are not taxed at all.

Mr. Speaker, Alberta is also part of our country of Canada, and so is British Columbia. In Ontario, they also have a 5 per cent sales tax, but no tax on hotel rooms, and only 20 cents tax on a carton of cigarettes. Those are provinces of Canada. Those taxes were not imposed by Ottawa; the decision was entirely theirs, and in Quebec on top of all that we have a provincial income tax.

I understand that equalization payments are made by Ottawa to offset the tax levied by Quebec; I agree. But the Canadian citizen, Mr. Speaker is paying double tax, and this is not Ottawa's fault. Ottawa should not always be blamed. Everyone should start by taking his responsibilities in his own province.

I feel that if Quebec is now the most heavily taxed province, confederation is not to blame but the governments we elected. That is where the responsibility lies.

There is no doubt that Ottawa is not blamemeless and must be brought back to reason but the provinces must assume their responsibilities. That is where we stand. When the provinces get together with Ottawa, instead of talking only about the right to relieve the people of their money, about taxation, as we say, to use words that everyone does not understand all the time, they should discuss monetary reforms, basic reforms and say, like the famous general who one day came to Canada or the province of Quebec: Let us go to the heart of things. Let us do it and we will see that the heart of the matter is money.

The Minister of Manpower and Immigration (Mr. Marchand), who is in his seat, would be happy if he did not have any monetary problem in his department. But he forgets about the monetary problem; he looks only at the fiscal problem, as is done in all departments, especially in the Department of Finance, that is the right to levy taxes.

If the provinces do not like it, all they have to do is increase taxes. It is true that they have the right to do it. But if Ottawa does not reduce taxes in proportion to the increases levied in the provinces, the Canadian people, the worker, the farmer, the white-collar worker will be unable to pay more. Let us go at the bottom of things, but let us do it. It is not only a matter of speaking French or English, it is a matter of living in one's country and everybody knows that Canada is one of the richest countries in the world. Now, it is unthinkable to see poverty in the midst of plenty. Let us open or break down the doors of poverty to enable abundance to meet the needs of every Canadian citizen and we will then attain national unity.

[*English*]

Mr. Winch: Mr. Speaker, the question I should like to ask is, irrespective of the treaty with Paris of 1763; irrespective of the ethnic, cultural and language groups that make up Canada, would the hon. member following his statement stand up and say that he agrees with the unity of Canada, that he is a Canadian and proud of it?

Mr. Caouette: Mr. Speaker, probably I should not bother to answer such a silly question. However, I should like to say that I am not living in 1763 and I am not considering what happened prior to that date. I do know one thing. Our confederation was founded in 1867. Since that time I am convinced that Canadians of all extractions recognize the right of bilingualism in our country, namely the French and English languages. That is the wish of the people.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, in the very few minutes we have left before the vote is called tonight I should like to deal briefly with two subjects, the wheat and flour markets and the difficulty in respect of the administration of transportation policy in Canada. Before doing so, let me say that having listened to the hon. member for Villeneuve (Mr. Caouette), and I happen to be a member from an area some distance from here in western Canada, I find myself in a very large measure of agreement in respect of many of the things he has advanced which would contribute to the national unity of Canada today.

We are concerned about what seems to be some uncertainty in the international wheat and flour markets today. The Canadian wheat board ought to be granted additional authority to meet the competition that exists in these international markets. We can look back and find case after case where the selling agencies for wheat and flour in the United States have undertaken massive campaigns, particularly in the Orient, to teach and convince the bakers in that part of the world the value of using different blends of flour containing higher percentages of United States winter wheat.

This kind of competition is very difficult to meet and I believe that if the Canadian wheat board is to be confined only to meeting

competition so far as price is concerned this policy will prove even more expensive than some of those undertakings required to meet other kinds of salesmanship in this area. I have before me a Searle grain company report of about two years ago which suggests that a concerted effort was made by wheat selling agencies in the United States to hold what would amount to almost seminars or training programs in Japan in order to demonstrate that flour milled from about 50 per cent United States hard wheat and 50 per cent spring wheat could result in products equal to or superior to those using 100 per cent spring wheat. That refers, of course, to Canadian wheat.

I am aware of the fact that the Minister of Trade and Commerce (Mr. Winters) is now in Japan attempting to restore and expand some of the markets we have held over the years. I believe we must go a little further than that to meet this other kind of competition by sending representatives from our industry to make sure that the Japanese bakers are cognizant of the value of a very high level of Canadian wheat in their flour.

The other point I want to make is that we should not separate the wheat and flour markets because they are one and the same thing as far as the Canadian producer of wheat is concerned. Any time we sell flour from Canada it is a foregone conclusion that it is made completely from Canadian wheat. During the years from 1957 to 1962 there was a steady decline in the export of flour from Canada to the Orient. In 1956 we exported to that part of the world something over 4 million hundredweight of flour. By 1962 this amount had dropped to slightly over 2 million hundredweight. This diminishing market for flour in the Orient is damaging what used to be one of the largest industries in Canada, namely the production of high grade flour from Canadian wheat.

• (9:40 p.m.)

I hope that the minister's efforts in the Orient will be successful and will be followed up by experts who will enlarge this training program, if you want to call it that, of using high levels of Canadian wheat and flour in the bread-making industries of these countries.

There appear to be only four or five minutes left to me, Mr. Speaker. I now wish to turn the attention of the house to a matter that is of extreme importance to us in Canada. I refer to the question of transportation. We know that at the present time a government agency, in other words the Canadian Transportation Commission, is in the process of taking over from the Board of Transport Commissioners. I suppose it is too early to be critical of what the transportation commission is doing in applying the provisions laid down by parliament this year in the new transportation bill. However, there are a great many difficulties developing in the railway industry in the transition period.

[Mr. Olson.]

My purpose tonight is to urge the new transportation commission to get under way and set up as quickly as possible all the facilities they need so that the provisions of those sections that were put into the transportation act will be available to the shippers. It is extremely important that the costing department of the transportation commission be set up and made functional at once, because the provisions of section 336, for example, and section 16 of that act, wherein a shipper has recourse to the transportation commission, cannot be applied until we have accurate and acceptable costing methods, techniques, formulae, and so on. This has not been done to this time.

It may be rather early to be critical of the new commission, but I know that a large number of shippers in western Canada today are suffering because they have no recourse in respect of the rate adjustments which the railways are making. It will be a very formidable task for whoever first appears before the new transportation commission to plead his case against discrimination and unjust rates. Therefore, we need these facilities to be made available to shippers at the earliest possible moment.

I hope, in closing, Mr. Speaker, that the transportation commission will have all these facilities operative in the very near future so that what the house intended to be available to the shippers of Canada will in fact be available without any great time loss.

Mr. Speaker: Order. It being 9:45 o'clock p.m., it is my duty, pursuant to section 5 of standing order 58, to interrupt the proceedings and forthwith put the question on any amendment now before the house.

The question is as follows. Mr. Sharp, seconded by Mr. Gordon, moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. Monteith, seconded by Mr. Ricard, moved in amendment thereto:

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

This government has failed miserably to set an example of responsibility by its refusal to reduce taxation, by its reckless increase in governmental expenditures, thus contributing to the steadily rising cost of production to the great detriment of the Canadian economy and to the sharp increase in the cost of living, already over-burdensome to the Canadian people.

All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

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

Division

YEAS

Messrs:

Aiken
Alkenbrack
Allard
Asselin (Charlevoix)
Baldwin
Ballard
Beaulieu
Bell (Carleton)
Bigg
Brand
Cantelon
Caouette
Chatterton
Coates
Crouse
Danforth
Dinsdale
Enns
Fane
Flemming
Forrestall
Fulton
Gauthier
Gundlock
Harkness
Hees
Horner (Acadia)
Howe (Wellington-Huron)
Irvine
Johnston
Jorgenson
Keays
Laprise
Loney
MacDonald (Prince)
MacEwan
MacInnis (Cape Breton South)
MacLean (Queens)
Macquarrie
McCleave
McIntosh
McKinley
McQuaid
Monteith
Moore
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nesbitt
Nielsen
Nowlan
Nugent
Ormiston
Pascoe
Patterson
Pugh
Rapp
Régimbal
Ricard
Rynard
Scott (Victoria (Ont.))
Sherman
Simard
Simpson
Smith
Starr
Stefanson
Valade
Watson (Assiniboia)—68.

27053—188

NAYS

Messrs:

Andras
Asselin (Richmond-Wolfe)
Badanai
Barnett
Basford
Batten
Béchard
Beer
Benson
Berger
Boulanger
Brown
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantin
Caron
Cashin
Chatwood
Choquette
Chrétien
Clermont
Comtois
Coté (Longueuil)
Coté (Nicolet-Yamaska)
Cowan
Davis
Deachman
Douglas
Dubé
Duquet
Émard
Ethier
Gendron
Germa
Gordon
Goyer
Gray
Greene
Grégoire
Guay
Habel
Harley
Hellyer
Herridge
Hopkins
Howe (Hamilton-South)
Hymmen
Isabelle
Jamieson
Knowles
Lachance
Laflamme
Langlois (Chicoutimi)
Laverdière
Leblanc (Laurier)
Lefebvre
Lind
Loiselle
Macdonald (Rosedale)
MacEachen
MacInnis (Mrs.) (Vancouver-Kingsway)
Mackasey
McNulty
McWilliam
Marchand
Martin (Essex East)
Mather
Matte
Mongrain
Neveu
Noël
O'Keefe
Olson
Orlikow
Otto
Ouellet
Pearson
Pennell
Pepin
Peters
Pilon
Prittie
Racine
Richard
Rinfret
Robichaud
Rochon
Rock
Roxburgh
Ryan
Saltsman
Sauvé
Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay (Matapédia-Matane)
Tremblay (Richelieu-Verchères)
Trudeau
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Winch
Yanakis—113.

• (10:10 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. MacRae: Mr. Speaker, I was paired with the Minister of Public Works (Mr. McIlraith). Had I voted, I would have voted for the amendment.

Division

Mr. Haidasz: Mr. Speaker, I was paired with the hon. member for Middlesex West (Mr. Thomas). Had I voted, I would have voted against the amendment.

Mr. Fairweather: Mr. Speaker, I was paired with the hon. member for Charlotte (Mr. McLean). Had I voted, I would have voted in support of the amendment.

Mr. More: Mr. Speaker, I was paired. Had I voted, I would have voted for the amendment.

Mr. Groos: Mr. Speaker, I was paired with the hon. member for Edmonton East (Mr. Skoreyko). Had I not been, I would have voted against the amendment.

Mr. Addison: Mr. Speaker, I was paired with the hon. member for Wellington South (Mr. Hales). Had I voted, I would have voted against the amendment.

Mr. Speaker: Order. It being after ten o'clock this house stands adjourned until two thirty o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Wednesday, October 11, 1967

The house met at 2.30 p.m.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CONSTRUCTION DELAYS, SPRINGHILL PENAL INSTITUTION

Question No. 203—**Mr. Coates:**

Is it the intention of the Solicitor General to have an investigation carried out into the substantial delays associated with the construction of the young offenders penal institution at Springhill, Nova Scotia and, if so, what type of investigation will be carried out and will the report be made available to the public?

Hon. L. T. Pennell (Solicitor General): No. A good deal of the delay was caused by extra rock excavation that could not reasonably have been anticipated and in any event the delay in completion of the contract did not prejudice the planned development of penitentiary operations in the Atlantic provinces.

FEDERAL PAYMENTS TO QUEBEC

Question No. 216—**Mr. Allard:**

1. How much money did the federal government pay to the province of Quebec during the fiscal year 1966-67 (approximately) under (a) unconditional grants (b) conditional grants (c) payments to individuals (i) unemployment insurance benefits (ii) family allowances (iii) old age security (iv) other?

2. What is the total amount of all these payments for the said fiscal year?

3. What is the amount per capita paid under each of these headings and how does this amount compare with the per capita amount paid in each of the other nine provinces?

Hon. Mitchell Sharp (Minister of Finance):

1. (a)

	(Millions of dollars)
Unconditional grants	
Statutory subsidies	4.0
Equalization	150.4
Share of federal estate tax(1)	11.5
Transfer of share of income tax paid by certain utility corporations	.6
Total(2)	166.5

(b)

Conditional grants(3)	(Millions of dollars)
i Health	185.3*
ii Welfare	84.3*
iii Technical and vocational training	82.6*
iv Agriculture	1.3
v Emergency measures organization	1.6
vi ARDA	4.3
vii Municipal winter works	19.6
viii Forestry	1.9
ix Highways	44.4
x Centennial grants	2.9
xi Fishery	.3
Total	428.5

(c)

i Unemployment insurance benefits	96.2
ii Family allowances	165.2
iii Old age security	238.4
iv Others	
War veterans pensions	22.7
War veterans allowances	12.6
Total	535.1

2. Total amount for Canada as a whole 3939.7*

	Payments to provincial governments, municipalities and institutions		Payments to individuals in the provinces			
	(Dollars)		(Dollars)			
	Unconditional grants per[2] capita[4]	Conditional grants per capita[3]	Unemployment insurance benefit per capita	Family allowances per capita	Old age security per capita	Veterans' pension and allowances per capita
Newfoundland	96.6	81.9	36.3	34.5	41.2	10.7
Prince Edward Island	103.6	60.3	27.5	29.4	76.1	30.3
Nova Scotia	70.0	79.8	22.3	28.4	63.5	25.9
New Brunswick	75.3	66.3	26.4	30.5	57.0	21.1
Quebec	26.8	74.1*	16.6	28.6	41.2	6.1
Ontario	.8	55.7	12.8	26.6	56.7	15.6
Manitoba	31.0	57.3	11.1	26.6	65.0	18.8
Saskatchewan	36.8	59.9	9.0	28.2	66.4	12.9
Alberta	4.0	68.5	8.1	29.1	49.1	13.8
British Columbia	1.0	58.4	19.5	25.9	69.2	25.7

[1] The provinces receive 75 per cent of estate tax. However in respect of Quebec and Ontario and British Columbia 50 per cent is in the form of an abatement and therefore is not included in the $11.5 million.

[2] Total unconditional grants do not include the value of general federal tax abatement.

[3] Payments under the programs covered by contracting out arrangements have been adjusted to indicate the federal contribution, i.e. tax abatement, equalization and operating cost adjustment. An asterisk marks those programs where contracting out has occurred either in whole or in part.

[4] For purposes of comparability, this column excludes the shares of federal estate tax and includes the Atlantic provinces adjustment grants and the Newfoundland additional grant.

PRESENCE OF R.C.M.P. OFFICER ON ROAD NEAR SMITHERS, B.C.

Question No. 351—**Mr. Howard:**

1. Between the hours of 1.00 o'clock a.m. and 3.00 o'clock a.m. of June 30, 1967, was an officer or staff member of the Royal Canadian Mounted Police in the vicinity of an area locally referred to as the Glacier Gulch road which is about 3 or 4 miles from the community of Smithers, B.C., and, if so, what is the name of and rank held by the particular officer or the staff member referred to?

2. Did the said member of the Royal Canadian Mounted Police remove his revolver from his holster and, if so, for what purpose?

3. Did the said member of the Royal Canadian Mounted Police fire his revolver and, if so, at approximately what time and for what purpose?

4. Did the said member of the Royal Canadian Mounted Police chase any person while his revolver was openly displayed in his hand and, if so, for what purpose?

5. Was there a group of people in attendance at the said Glacier Gulch road area at the time referred to in part 1, and, if so, who were these people and for what purpose were they in the area?

6. Did the said Royal Canadian Mounted Police member have the opinion that the group was there for any criminal purpose and, if so, what was that purpose?

[Mr. Sharp.]

Hon. L. T. Pennell (Solicitor General): 1, 2, 3, 4 and 5. Between the hours of 1 and 3 o'clock a.m. on June 30, 1967, Constable Gary Bertwin Schuett of the R.C.M. Police, acting as a provincial peace officer under the contract between the governments of Canada and British Columbia, was investigating suspected contraventions of the provincial liquor laws in the area known as Glacier Gulch road near Smithers, B.C. When members of the group of young people from the Smithers area whom he was investigating began to flee, Constable Schuett drew his service revolver, fired a shot into the air and ordered the suspects to halt. He then gave chase, returning his revolver to its holster as he did so. He had to abandon the chase and return to Smithers for medical attention due to an injury he received in the course of the investigation.

PROTESTS AT POSTAL RATE INCREASES

Question No. 361—**Mr. Dinsdale:**

1. Has the Post Office Department announced that effective October 1, 1967, the library book postage rate will be increased by 70 per cent?

2. Has the Postmaster General received any protests from libraries affected by this increase?

3. If so (a) what is the nature of the protests (b) what action has the government taken to deal with the matter?

Hon. Jean-Pierre Côté (Postmaster General): 1. Yes.

2. Yes.

3. (a) that the increase in postage rates would hinder the development of the inter-library loan program. (b) the question of adjustment of rates on library books has been deferred pending a detailed study of representations received from the Canadian Library Association.

FOOD AND DRUG DIRECTORATE

Question No. 373—**Mr. Isabelle:**

1. How many inspectors were employed by the food and drug directorate in 1963, 1964, 1965 and 1966?

2. How many specialists were there to inspect drugs obtainable only on prescription?

3. How many of the 485 manufacturers and distributors of pharmaceutical products were inspected by the food and drug directorate in 1963, 1964, 1965 and 1966?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. 1962-63, 93; 1963-64, 120; 1964-65, 148; 1965-66, 170; 1966-67, 178.

2. Not available. Drug programs are not directed specifically to the inspection of drugs obtainable only on prescription.

3. The number of manufacturers and distributors of pharmaceutical products change on a day to day basis. Inspections completed in the years 1963 to 1966 were as follows: 1963, 242; 1964, 258; 1965, 409; 1966, 551.

[*English*]

NATIONAL CAPITAL COMMISSION PRIORITIES

Question No. 374—**Mr. Isabelle:**

1. Has any committee or individual been named to decide on the priority of projects to be carried out in the development of parks and parkways within the master plan of the National Capital Commission and, if so (a) who are the members of the committee or what person has been named (b) what project has immediate precedence?

2. What will be the architectural style of the new station at Hull, and when will the work commence?

Hon. G. J. McIlraith (Minister of Public Works): 1. The National Capital Commission has followed the practices laid down by the Treasury Board in the preparation of its program review and estimates in arriving at the priorities for the development of parks and parkways within the national capital area. In substance, the recommendations of the staff of the commission are reviewed by the commission and then submitted through the minister to the Treasury Board or governor in council as the case may require for consideration and appropriate action.

2. The architectural style of the new station in Hull will be contemporary. Tenders will be advertised immediately upon approval of the working drawings which were submitted to the Canadian Pacific Railway on August 30, 1967.

COMPANY OF YOUNG CANADIANS

Question No. 382—**Mr. Laprise:**

1. What has been the cost of the Company of Young Canadians each year since its inception?

2. How many of the company's administrative employees are (a) French speaking (b) English speaking?

3. How many of the company's volunteers are (a) French speaking (b) English speaking?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): I am informed by the Company of Young Canadians as follows:

1. 1965-66, $45,043.00 (pilot project); 1966-67, $857,950.00.

2. (a) 22; (b) 29.

3. (a) 21 volunteers, eight trainees; (b) 71 volunteers, 44 trainees.

ASSISTANCE UNDER TECHNICAL TRAINING ACT

Question No. 395—**Mr. Orlikow:**

Under the formula for the equitable distribution among the provinces of federal contributions under the Technical and Vocational Training Assistance Act for financial assistance to the capital cost of training facilities, how much has already been paid, or agreed to be paid, to each province, both in dollars and as a percentage of the total amount each province is entitled to receive under the formula, and how much remains to be paid, or agreed to be paid, to each province under the formula from March 31, 1964, to March 31, 1967?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration):

Province	Total amounts claimable ($800 per capita formula)	Federal payments Aug. 31/67	% of claimable amount paid to Aug. 31/67	Balance available for payment
	$	$		$
Newfoundland	35,063,180	21,400,377	61 %	13,662,803
Prince Edward Island	7,100,000	2,639,615	37 %	4,460,385
Nova Scotia	51,391,180	11,014,069	21.4%	40,377,111
New Brunswick	42,811,180	7,299,898	17 %	35,511,282
Quebec	373,940,720	133,930,596	36 %	240,010,124
Ontario	349,506,360	280,866,907	80.3%	68,639,453
Manitoba	56,646,360	11,940,594	21 %	44,705,766
Saskatchewan	58,291,180	13,596,585	23.3%	44,694,595
Alberta	79,203,180	68,781,861	86.8%	10,421,319
British Columbia	90,122,360	44,069,055	48.8%	46,053,305
Yukon	924,035	954,439	103.2%*	Nil
North West Territories	1,359,180	70,444	5 %	1,288,736
Total	1,146,358,915	596,564,440	—	549,824,879

*The $800. per capita limit did not apply to claims made prior to March 31, 1967.

FLOATING MINES OFF B.C. COAST

Question No. 399—**Mr. Cameron (Nanaimo-Cowichan-The Islands):**

1. Have any reports been received from the R.C.A.F. or the R.C.M.P. of the presence of floating mines on the coast of British Columbia?

2. If so, have any such reports contained information about the disposal of such mines?

3. If such reports have been received, has the government been able to determine the origin of these mines and have protests been lodged with the government of the country of origin?

Hon. Léo Cadieux (Minister of National Defence): 1. During 1967 neither the R.C.M.P. nor the Canadian forces have received reports of the presence of floating or submerged mines on the coast of British Columbia.

2 and 3. Not applicable.

IMMIGRATION OFFICES, SASKATCHEWAN

Question No. 400—**Mr. Southam:**

1. How many regional immigration officers are presently stationed at various centres throughout the province of Saskatchewan?

2. How many of these offices were closed in Saskatchewan in 1967?

3. When was the immigration office in Estevan, Saskatchewan, closed and for what reason?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. There are 12 officers of the Immigration Division stationed in the province of Saskatchewan which forms a part of the prairie region of the Canada immigration division.

2. Estevan and North Battleford.

[Mr. Munro.]

3. The immigration office in Estevan, Saskatchewan was closed on April 28, 1967. Its responsibilities were transferred to the Canada manpower office of this department in Estevan. This measure not only consolidated the operations of the two offices without any reduction in the services provided to the public, but also resulted in certain economies being realized by having one office where two formerly were required.

CANADIAN FORCES PROPERTY IN FRANCE

Question No. 401—**Mr. McQuaid:**

1. Has the study of Canada's interest in property formerly used by the Canadian armed forces in France yet been completed?

2. If so (a) what has been determined as the actual value of this property at the time the Canadian forces left France (b) what was the actual cost to the government of Canada of this property (c) has any arrangement been arrived at whereby the government of Canada will be compensated for the property left in France (d) what is the amount of this compensation?

Hon. Léo Cadieux (Minister of National Defence): 1. No. The question of possible claims for compensation for the value of NATO commonly funded investment on French territory is currently under consideration by a working group of NATO nations. Until the results of this multi-lateral study are known, Canada is deferring action on any bilateral claims.

2. Not applicable.

PRINTING OF REVISED STATUTES

Question No. 402—**Mr. Bell (Carleton):**

1. What format will be used in printing the revised statutes of Canada, 1967?

2. Will the edition be bilingual?

3. What number of volumes is it expected will be required?

4. What number of volumes were there in each of the English and French editions of the revised statutes of Canada 1952 and 1927?

5. Has any consideration been given to the use of stock colloquially called Bible paper in order to reduce the number of volumes?

6. If so, with what result?

Hon. P.-E. Trudeau (Minister of Justice): 1. Subject to certain technical considerations relating to modern printing equipment, it is contemplated that the format of the revision will be as follows: A two column bilingual make-up, each column being 16 picas in width on a page of which the outside dimensions would be $8\frac{1}{4}" \times 10\frac{7}{8}"$, using a type size for the text of 10/11 point modern, varied for schedules to 8/9 point modern and 7 points for marginal notes. The spacing between columns would be 12 points.

2. Yes.

3. It is at present estimated that the revision may run to 7 or 8 volumes, on the basis of approximately 370 chapters and 16,000 pages of copy. This estimate allows for an increase in the number of chapters and an increase of 25% by reason of the two-column format. The estimate does not include subject matter indices, the size of which has not yet been estimated.

4. The number of volumes and pages of the earlier revisions are as follows:

Revision of:	Volumes	Pages	Chapters
1886	French: 2	2747	139
	English: 2	2657	
	Total 4	5404	
1906	French: 4	3772	155
	English: 4	3637	
	Total 8	7409	
1927	French: 5	5174	217
	English: 5	4913	
	Total 10	10087	
1952	French: 6	7068	340
	English: 6	6690	
	Total 12	13758	

5. The paper stock colloquially called "Bible paper" is not considered suitable in point of opacity, acidity and weight.

6. See answer to question 5.

REDUCTION IN ARMED FORCES

Question No. 411—**Mr. Forrestall:**

1. From which branches of the Canadian forces will the proposed cutback of 6,000 men be made?

2. What percentage, or total number, will be cut from the present complement of (a) maritime command (b) mobile command (c) air defence command (d) air transport command?

3. Will natural attrition, such as normal retirement, be the only vehicle in attaining this reduction and, if not, what other methods will be used to service this end?

Hon. Léo Cadieux (Minister of National Defence): 1 and 2. As no final decision has been made on the total cutback to be made in the Canadian armed forces, the number or percentage in each branch and command is unknown.

3. Yes.

MARITIME COMMAND AIRCRAFT

Question No. 412—**Mr. Forrestall:**

1. How many aircraft, by type, presently comprise the total complement of maritime command?

2. What, in years, is the (a) full life (b) mid life, expectancy of each?

3. Will these be replaced or will other types be introduced, as the present equipment becomes worn out?

Questions

4. Will the navy's "Tracker" be replaced and, if so, by what type and by what date?

Hon. Léo Cadieux (Minister of National Defence): 1.

Aircraft	Number
Argus	29
Sea King Helicopter	22
HO4S3 Helicopter	5
Tracker	46
Neptune	20
Silver Star	9

2. (a) Life expectancy dates are under constant review and may vary from year to year dependent upon a number of factors. Currently these dates are estimated for the above aircraft to be:

Argus	1974
Sea King Helicopter	1980
HO4S3 Helicopter	1970
Tracker	1975
Neptune	1974
Silver Star	1974

These dates do not necessarily indicate the period these aircraft will be maintained in service which will depend on other considerations in addition to life expectancy.

(b) The term "mid-life" is not generally applied to all aircraft up-dating programs. However, the Tracker aircraft which were introduced into service in 1956 are now undergoing a major equipment revision which has been termed "mid-life" modernization".

3 and 4. No decisions have been taken concerning replacement programs at the present time.

HARBOUR IMPROVEMENTS, SMELT BROOK, N.S.

Question No. 429—**Mr. Muir (Cape Breton North and Victoria):**

1. What harbour improvements, in detail, have been carried out at Smelt Brook, Victoria county, Nova Scotia, since 1958?

2. How much money has been expended to provide such improvements, in detail?

3. What further improvements are planned for Smelt Brook and what will be the cost?

Hon. G. J. McIlraith (Minister of Public Works): 1. and 2.

Year	Project	Cost
1958	Skidway construction	$2,150.
1959	Repairs	1,000.
1960	Skidway extension	1,270.
1961	Clearing rocks and debris	75.
1964	Repairs to haulout shed	361.
1965	Repairs and painting haulout shed	500.
1966	Install chain guard	45.
1967	Repairs haulout engine	115.

[Mr. Forrestall.]

3. At the moment there are no plans for improvements in the immediate future.

QUALIFYING STATISTICS FOR MANPOWER CENTRES

Question No. 432—**Mr. Andras:**

Related to the criteria of the Department of Industry (ADA) designated area incentive program, what are the pertinent qualifying statistics for the manpower centre (a) in which North Bay and Timmins, Ontario, are located (b) in which Brandon and Minnedosa, Manitoba, are located (c) in which Midland, Ontario, is located, each of which has been designated, as compared to the statistics for the four manpower centres in Northwest Ontario, which have not been designated?

Hon. C. M. Drury (Minister of Industry): (a) The Timmins and North Bay Canada manpower centres were recognized as components of an economic region consisting of the Canada manpower centres of Kirkland Lake, North Bay, New Liskeard and Timmins. The region registered a negative annual average change in employment of 2.0 per cent. Individually the corresponding percentage change in employment was, as follows: Kirkland Lake —9.1, North Bay —0.6, New Liskeard 2.8 and Timmins —2.8. Accordingly, the areas of Timmins and North Bay qualified for designation either when considered individually or as components of a region under the criterion pertaining to designation of such areas and regions in which for the most recent five years there has been a decline in the level of employment. (b) The Canada manpower centre area of Brandon with an average non-farm family income of $4,189 qualified under the criterion providing for the designation of such areas in which the average non-farm family income is below $4,250.

The community of Minnedosa lies within Census Division 10 and within a portion that forms part of the Canada manpower centre area of Portage la Prairie. The latter as a Canada manpower centre area does not qualify for designation, however, census division 10 with an average non-farm family income of $3,900 and being contiguous to the designated Canada manpower centre area of Dauphin qualifies under the provision for designating census divisions in which the annual average non-farm family income is below $4,250 and providing they are contiguous to areas that are designated. (c) The Canada manpower centre area of Midland was recognized as a component of an economic region comprised of the areas of Parry Sound, Bracebridge, Midland, Collingwood and Owen

Sound. This region had an average non-farm family income of $4,241. Accordingly, the area of Midland qualified for designation under the provision for the grouping of Canada manpower centre areas traditionally recognized as a distinct geographic and economic region and which, considered as a whole, met the criterion relating to the designation of such areas having an average non-farm family income below $4,250.

Comparable statistics for the four Canada manpower centres of Fort Frances, Fort William, Kenora and Port Arthur individually and grouped are as follows: Average annual percentage change in employment growth—Fort Frances 1.6, Fort William 2.5, Kenora 9.6, Port Arthur 1.2, and grouped as an economic region 2.9. Average non-farm family income—Fort Frances $5,114, Fort William $5,440, Kenora $4,966, Port Arthur $5,480, and grouped as an economic region $5,321.

TRAVELLING EXPENSES OF MINERS, ELLIOT LAKE, ONT.

Question No. 438—**Mr. Laprise:**

Has any amount of money been paid for the travelling expenses of the miners of the Elliot Lake area in Ontario, who have been discharged following the closing down of some mines in that area?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): Yes. When the demand for uranium decreased and the mines in the Elliot Lake area were laying off miners, Elliot Lake was a designated area and miners were eligible to receive their travelling expenses, also the cost of moving their household effects, to other areas where employment was available for them. Elliot Lake ceased to be a designated area in December 1965.

*LEAD YARDS IN DESTROYER ESCORT PROGRAM

Question No. 439—**Mr. McCleave:**

Which Canadian shipyard or yards has or have been selected as the lead yard(s) in the destroyer escort program?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the Davie Shipbuilding Limited of Lauzon, Quebec, and Marine Industries Limited, Sorel, Quebec, have been invited to bid as lead yards on the D.D.H. destroyer program.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NEWSPAPER ADVERTISING OF FEDERAL PROGRAMS

Question No. 156—**Mr. Jorgenson:**

1. How many federal government programs have been explained to the public by means of paid advertisements in daily, weekly and other publications since April, 1963?

2. What are the programs that have been dealt with in this manner?

3. What are the names of the newspapers or other publications that have carried such advertising?

4. What has been the cost of advertising each of these programs in each of the newspapers or other publications?

Return tabled.

GOVERNMENT CONTROL OF FIREARMS

Question No. 325—**Mr. Valade:**

1. Has the government any way of controlling the purchase and sale of firearms for distribution?

2. Are any firearms not under government control and, if so, which class?

3. Does the government have statistics on the quantity and distribution of imported firearms sold in Canada and, if so, what are the importation and sales figures for each class of firearms for each of the last five years?

4. Are imported firearms under government control and, if so, what are the regulations?

Return tabled.

WAGES AND EMPLOYEES OF CROWN CORPORATIONS

Question No. 346—**Mr. Caouette:**

For each of the past five years and in respect of each of the crown corporations defined as proprietary corporations by the Financial Administration Act, what was (a) the total amount of salaries and wages paid to date (b) the total number of employees?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notice of motion for production of papers No. 18 is acceptable to the government.

I ask, Mr. Speaker, that the other notices of motions be allowed to stand.

Inquiries of the Ministry

[*English*]

CORRESPONDENCE RESPECTING STATEMENT BY GENERAL DE GAULLE

Motion No. 18—**Mr. Grégoire:**

That an order of the house do issue for a copy of all correspondence, letters, messages, telegrams and other communications received by the office of the Prime Minister at the time of General de Gaulle's visit to Quebec relating to the statement of the president of the French republic "Vive le Québec libre."

Motion agreed to.

THE CANADIAN ECONOMY

STEPS TO MEET INCREASE IN COST OF LIVING

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I would like to direct a question to the Minister of Finance. Is the government planning the issue of economic guide lines to those whose activities have the greatest influence on the cost of living, as one means of trying to stem the rapid increase in the cost of living?

Hon. Mitchell Sharp (Minister of Finance): As I said in the house the other day, the government is giving consideration to an organized campaign to mobilize public opinion in favour of greater stability in costs and prices, and I have invited all those concerned to be considering this question. I hope they are doing so and will be discussing with us and among themselves how best this might be carried out. Whether this would be called guide lines I am not certain, but when the government itself has taken the necessary fiscal action I would hope to have the co-operation of the public, organized management and labour in stabilizing more effectively than hitherto increases in prices and costs.

Mr. T. C. Douglas (Burnaby-Coquitlam): In view of the fact that the cost of living has risen more rapidly in Canada than in almost any other western country, according to an O.E.C.D. report, does the minister's program include the setting up of a prices review board to gather information as to the relationship between corporation profits, consumer prices and incomes in Canada?

Mr. Sharp: I would hesitate to forecast the exact nature of the machinery which would be brought into being, but certainly the government recognizes the intimate relationship between earnings and the program to stabilize costs.

[Mr. Béchard.]

Mr. Douglas: May I ask the minister when he intends to reveal the nature of this program, or of these guide lines, which the government is preparing at the present time.

Mr. Sharp: As I said in my statement in the House of Commons the other day and as I have repeated elsewhere, I believe it is up to the government to show active leadership. Unless we do so I do not believe we shall get the necessary degree of co-operation. I am sure we shall give this leadership, and at that point the program will be announced.

Hon. Michael Starr (Leader of the Opposition): In order that this system of guide lines may have some result, is the minister contemplating calling a conference of management, labour and others who may be involved, seeking their advice and co-operation?

Mr. Sharp: I have already invited such advice and co-operation, and I would think a meeting with the principal parties concerned, including the trade unions, would be part of the program.

Mr. J. P. Nowlan (Digby-Annapolis-Kings): A supplementary question for the Minister of Finance. In hoping for co-operation and advice from other interested parties, and in view of the failure of the President of the Treasury Board in his speech to list those obsolete expenditure programs postponed or eliminated—

Mr. Speaker: Order. Is the hon. member making a speech or asking a question?

Mr. Nowlan: Would the minister announce now those obsolete expenditure programs which have been eliminated?

Mr. Sharp: I think my colleague the Minister of National Revenue did an admirable job yesterday in revealing the extent to which the government was pursuing prudent financial policies. In due course all these cuts will be announced.

Mr. Speaker: Order. I wonder whether we should not go on to another subject. Hon. members know that in a few moments we shall be returning to the consideration of the budget.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a supplementary question to the Minister of Finance. Will he invite the various consumer associations to

attend the discussions which will take place with regard to the cost of living and consumer services.

[*English*]

Mr. Sharp: Mr. Speaker, I am sure there is no one more interested than consumers in the successful outcome of the anti-inflationary policies, and certainly they will be welcomed.

PUBLIC SERVICE

LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Prime Minister. Why is it that the list of legislation which was placed on *Hansard* yesterday makes no mention of legislation to increase the pensions of retired civil servants?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that matter is still under consideration.

Mr. Knowles: I have a supplementary question, Mr. Speaker. Will a decision be taken in time for legislation to be introduced at this session?

Mr. Pearson: I am not able to answer that question at this moment.

Mr. Knowles: Then perhaps we should deal with it on the ten o'clock show.

CANADIAN BROADCASTING CORPORATION

TELEVISION COVERAGE OF UNIVERSITY OF TORONTO TEACH-IN

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is for the Secretary of State in her capacity as the minister reporting for the C.B.C., but possibly the parliamentary secretary could answer the question. Now that the University of Toronto has announced the line-up of visiting lecturers for its third annual teach-in commencing October 20, including such luminaries as Krishna Menon, can we expect again this year the usual saturation coverage at public expense by the C.B.C.?

Mr. Speaker: Order. The question cannot be asked at this time.

Inquiries of the Ministry

POLLUTION

COMMUNICATION FROM U.S. RESPECTING NIAGARA RIVER

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, my question is for the Secretary of State for External Affairs. Has the minister received a communication from Secretary Udall of the United States with reference to the pollution of the Niagara river and the role of the Internal Joint Commission?

Hon. Paul Martin (Secretary of State for External Affairs): I have not seen such a request, but I will make inquiries to see whether one came in.

EXTERNAL AFFAIRS

VIET NAM—POSSIBLE PEACE INITIATIVES AND MEDICAL ASSISTANCE

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the fact that the prime minister of Poland and the prime minister of India are reportedly discussing some variety of peace initiatives in Viet Nam, and in view of the fact that Canada together with India and Poland constitute the membership of the International Control Commission in Viet Nam, can the minister tell us whether Canada is presently included in the discussions between India and Poland?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, it must be obvious that we are not included. This discussion is taking place in Warsaw. But if my hon. friend's question is directed to the invitation by the president of the federation of the United Nations associations to a meeting of the two co-chairman countries and the three commission powers, the answer is yes. The Prime Minister has received an invitation to attend a meeting with Great Britain, the Soviet union, Poland, India and Canada. We have indicated in principle our willingness to attend such a meeting. We have advised the other invitees of our response. We have not yet heard from them whether they would join in such a meeting, which might be a very useful exercise in the common desire to bring about peace talks in respect of the war in Viet Nam.

Mr. Nesbitt: May I ask a supplementary question, Mr. Speaker. The question I asked

was whether Canada was included in discussions between India and Poland which are now taking place in Warsaw. I asked the question because we do have an ambassador to Poland, and I thought perhaps he might have been asked.

Mr. Speaker: Order, please. Is the hon. member asking a supplementary question?

Mr. Nesbitt: I was about to ask the minister whether Canada is planning any further peace initiative of her own in this regard.

Mr. Martin (Essex East): Mr. Speaker, the prime minister of India is making a visit to Poland and to a number of other countries. Our ambassador has reported on this visit. He has had an opportunity to see the prime minister of India at Warsaw. Canada is very interested in continuing discussions with India and Poland in respect of matters which for a long time now have engaged our common attention as members of the commission.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, is the minister satisfied that Canada is doing all it might to provide medical help and assistance by way of supplies and money for the care and rehabilitation of the citizens of Viet Nam?

Mr. Martin (Essex East): Mr. Speaker, I am sure there is much more that all countries could do in Viet Nam and in other areas of the world where medical and other assistance is required. My hon. friend's question may have been prompted by the observations of Dr. Michael Hall. It is difficult on orders of the day to answer his indictment or even the implication in my hon. friend's question, but I may say that since we began Canadian aid to Viet Nam in 1953 we have allocated as much money to assistance in this area as any other country but two.

Mr. Fairweather: A further supplementary question, Mr. Speaker. Would the minister consider making a statement on motions so we can deal with this matter more adequately?

Mr. Martin (Essex East): I think the place to make a statement would be in the committee on external affairs. This I should be very happy to do.

Mr. T. C. Douglas (Burnaby-Coquitlam): A further supplementary question, Mr. Speaker. Now that it is two years since Dr. Gingras first planned to take a team of medical personnel to Viet Nam—for various reasons this plan has been delayed—could the minister tell us whether there is any prospect that Dr. Gingras and his staff will go to Viet Nam soon? If not, what is the reason for the delay?

Mr. Martin (Essex East): The recommendations of Dr. Gingras for a rehabilitation centre in Saigon were not accepted, not because of any action of the government of Canada but because of differences between the two governments on the use of a particular site. It now seems that it is more appropriate for such a centre to be built out of Saigon. As a matter of fact Major General A. E. Wrinch of the Canadian Red Cross Society and Dr. M. Dupuis, head of the rehabilitation service at Notre Dame hospital, are on their way to Viet Nam in connection with this matter.

Mr. David MacDonald (Prince): The minister last night indicated that should there be a pause in the bombing, Hanoi might be willing to negotiate. Can the minister not tell us whether he or the members of his department have received information from the government at Hanoi to indicate that there is this possibility?

Mr. Martin (Essex East): My hon. friend has asked if we have received any recent information. The answer is no.

[*Translation*]

CANADIAN CONSTITUTION

INQUIRY AS TO AGENDA FOR FORTHCOMING CONFERENCE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put to the right hon. Prime Minister a question of which I sent him notice.

In view of a recent statement in Quebec by the hon. Minister of Forestry and Rural Development, would the right hon. Prime Minister tell the house whether it is true that the constitutional conference in January will deal with any question a province would like to raise and that the agenda of the said conference could be changed entirely?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we have put forward for discussion at this conference a very important constitutional question. We have indicated that if any province wishes to add to the agenda in any way by suggesting other constitutional matters for discussion, we should be glad to consider them.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a question to the Prime Minister. Have the constitutional amendments suggested by the Quebec Liberal party come to his attention and will it be possible to discuss those suggestions at the conference on the Canadian constitution?

Mr. Speaker: Order. I do not think this question is in order.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I have a supplementary question for the Prime Minister.

I understand that a federal-provincial conference will be held in January, but an inter-provincial conference will take place in November.

Does the Prime Minister intend to delegate a federal minister as an observer to follow the discussions?

Mr. Speaker: That question has already been put.

[*English*]

Hon. D. S. Harkness (Calgary North): A supplementary question, Mr. Speaker. I wonder whether the Prime Minister could tell us whether he has now received acceptances from all provinces to attend this conference.

Mr. Pearson: Mr. Speaker, we have had acceptances from eight provinces. New Brunswick has not yet replied but I understand they will be in a position to do so shortly. We have had word from the government of Quebec explaining the delay in their reply as being due to the fact that the head of the government has been out of Quebec city. Their communication expressed the hope that a reply will be given in a day or two.

BUSINESS OF THE HOUSE

REQUEST THAT REMAINING LEGISLATION BE PLACED ON ORDER PAPER

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): My question is to the Prime Minister and is based on the fact that of the 25 pieces of legislation that the government wishes parliament to consider during the present session, eight items are now on the order paper. I would ask whether, to facilitate good programming, expedite the business of the house and organize its time to the best use the Prime Minister would see that the 17 pieces of legislation that are not on the order paper are placed on it as soon as possible, so we can work according to a schedule and expedite business.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. In the meanwhile I think it would be possible for the house leaders to examine the whole program with a view to allocating time and priorities to be sure that any particular piece of legislation that is to be discussed will be on the order paper in time to be considered. I will try to get them all on as soon as possible.

Mr. G. W. Baldwin (Peace River): I have a supplementary question, Mr. Speaker. Is the right hon. gentleman able to assess the respective priorities in relation to this list of legislation? If not, would the printing of the bills enable him and his colleagues to evaluate the relevant priorities regarding this list which has been provided?

Mr. Pearson: Mr. Speaker, I think when the discussions to which my hon. friend has just referred take place it will be possible for government spokesmen to bring forward a list which will indicate our feeling about priorities. This list can then be discussed by representatives of other parties.

Mr. J. M. Forrestall (Halifax): I have a further supplementary question. Perhaps I could ask the Prime Minister whether the absence from that list of any reference to abortions indicates that this subject has been dropped by the government from the list of priorities.

Mr. Pearson: Mr. Speaker, I would gather there has been some misunderstanding of our position as a result of interpretations given to the statement made by the Minister of National Health and Welfare. What the minister had in mind was that this particular question regarding abortions as such would not be mentioned in our list because it is now before a parliamentary committee. When that committee makes its recommendations, and I hope it will do so before long, we will be in a position to draft a measure to deal with this matter, after having studied the committee's recommendation. In that way it can be included in the omnibus criminal legislation to be introduced this November.

[*Translation*]

Mr. Raymond Langlois (Mégantic): May I ask a supplementary question of the Prime Minister concerning the house leaders' meeting where representatives of the various parties agree on future legislation.

Inquiries of the Ministry

Would it be possible to ask the government house leader to summon the other house leaders before announcing that such a decision can be taken. First of all we must be called together.

[*English*]

TRADE

WHEAT—DISCUSSIONS RESPECTING SALES TO JAPAN

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to ask the right hon. Prime Minister a question. I understand the Minister of Trade and Commerce is in Tokyo discussing certain trade matters with officials of the Japanese government. Is one of the matters to be discussed the loss of our grain markets, and has the Prime Minister anything helpful to suggest at this stage in reference to those discussions?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I prefer to answer the question in this way. The minister is discussing with the Japanese government ways and means of increasing even further our large shipments of wheat to Japan and other countries in that area.

DRUGS

REQUEST FOR PROHIBITION OF L.S.D. AND OTHER HALLUCINOGENS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to address my question to the right hon. Prime Minister. In view of the recent findings relating to malformations and other secondary effects of L.S.D., will the government take steps to place this drug as well as other similar hallucinogens on the list of prohibited drugs?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will discuss this matter with the Minister of National Health and Welfare when he returns later this afternoon.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I should like to direct a question to the Minister of Justice of which I gave him notice. It refers to the suspension of the licence of the publication *Georgia Straight* by the Vancouver city council. Has the minister taken note of the implications of press censorship involved in this action, and has he received representations from the publishers or other interested groups concerning this matter? If so, from whom has he received such representations?

Mr. Speaker: Order. That question should be placed on the order paper.

NATIONAL DEFENCE

NATO—INQUIRY AS TO CONCLUSIONS OF NUCLEAR PLANNING GROUP

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct my question to the Minister of National Defence. As this is my first opportunity to do so I should like to congratulate him on assuming this very important portfolio. Can the minister inform the house of the conclusions reached by the nuclear planning group of NATO at the meeting in Turkey from which he has just recently returned?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, the general conclusion was to the effect that the ministers should issue further guidance for the continuation of the studies started after the April meeting in Washington. I do not know whether the hon. member refers to a.d.m.'s, a.b.m.'s or tactical nuclear weapons. I am not sure what he has in mind.

Mr. Harkness: A supplementary question, Mr. Speaker. What I had in mind was this. Did this meeting in Ankara come to any definite conclusions in regard to the employment of nuclear weapons?

Mr. Cadieux (Terrebonne): No, Mr. Speaker. It is a continuation of studies started in April of last year in Washington. The purpose of the studies is to ascertain whether in some particular circumstances the whole comprehensive defence system of the western alliance should include a.d.m.'s, nuclear tactical weapons, conventional weapons or even strategic weapons. These are simply studies that are continuing. The advice given by the ministers was that the studies be continued.

Mr. Harkness: A further supplementary question, Mr. Speaker. Can the minister give us any information as to when it is expected that these studies will be concluded and thus conclusions arrived at?

Mr. Cadieux (Terrebonne): As the hon. member knows, Mr. Speaker, the group is

supposed to report to a parent body, the nuclear defence affairs committee, which in turn refers the whole matter to the north Atlantic defence council. I expect the conclusions might be submitted to the north Atlantic defence council in December of this year.

CANADIAN BROADCASTING CORPORATION

SASKATOON—INQUIRY AS TO STATION CONSTRUCTION

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, several days ago in response to a question of mine regarding the construction of a C.B.C. television station in Saskatoon the Prime Minister stated he would be making a statement in a few days. I wonder whether he is now prepared to make such a statement.

Right Hon. L. B. Pearson (Prime Minister): I hope to be able to make a statement in even fewer days now, Mr. Speaker; I hope later this week.

Mr. Brand: A supplementary question, Mr. Speaker. I wonder if the Prime Minister could at least state whether the Saskatoon television station could become a casualty of the government's attempts at fiscal economy.

HEALTH AND WELFARE

REQUEST FOR LABELLING OF HAZARDOUS PRODUCTS

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, in the absence of the Minister of National Health and Welfare I should like to ask the Prime Minister a question. In view of recent deaths that have occurred because of the ingestion of hazardous products, can the Prime Minister advise the house what will be done to protect the public from hazardous products that are not so labelled?

Mr. Speaker: Order, please. The hon. member is asking a very general question of the type that could only be answered by a statement on motions. I do not think it can be asked at this time.

[*Translation*]

CANADIAN CONSTITUTION

CAMPAIGN BY FORESTRY MINISTER ON NINE POINT PROGRAM

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I wish to put a question to the Prime Minister. In view of the fact that the Minister of Forestry and Rural Development (Mr. Sauvé) has announced that he will launch a campaign to have English-speaking Canadians accept a nine-point plan on constitutional problems, I should like to know whether this plan has been previously agreed to by the cabinet?

[*English*]

GRAIN

REPRESENTATION OF PRODUCERS ON TRANSPORTATION SUBCOMMITTEE

On the orders of the day:

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I have a question for the Minister of Transport of which I sent him notice. Recently a special subcommittee of a grain transportation committee was appointed to investigate all phases of grain handling in the transportation field. Could the minister tell me who represents the grain producer or farmer on this committee?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, as this is a very complicated question and I received the hon. member's notice just at 2.30, perhaps he would allow me to take notice of the question and give a reply tomorrow or the next day.

AIR CANADA

WINNIPEG—PROPOSED MEETING RESPECTING OVERHAUL BASE

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is directed to the Minister of Transport. Is the minister planning to accept the initiative of the premier of Manitoba, conveyed to him last Thursday, for a meeting between his department and officials of the Manitoba government on the future of the Air Canada overhaul base in Winnipeg.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, this question might have been better directed to the Prime Minister. However, I understand that the Prime Minister yesterday exchanged wires with the premier and suggested that he might meet with myself and one or two other ministers this afternoon. As far as I am aware, no reply has yet been received.

Inquiries of the Ministry

NORTHERN AFFAIRS

ARCTIC EXPLORATION FOR OIL BY CROWN CORPORATION

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, in the absence of the Minister of Indian Affairs and Northern Development I should like to direct my question to the acting minister. Is it the intention of the government to create a separate crown corporation for the purpose of exploring for oil in the Arctic?

Mr. Speaker: Order, please. This question should be placed on the order paper.

SHIPBUILDING

REMOVAL OF ARBITRATION CLAUSE FROM SHIP TENDERS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a question for the Minister of Transport. This matter is of great importance to shipyards all over Canada. Could the minister advise us whether the standard arbitration clause has been removed from the current tenders for ships being called by his department; and if so, why?

Hon. Paul Hellyer (Minister of Transport): I should like to take notice of this question, Mr. Speaker, because it will require some investigation.

NATIONAL PARKS

WASKESIU, SASK.—POSSIBLE RETENTION OF TOURIST CABINS

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): Mr. Speaker, I have a question for the right hon. Prime Minister. In view of the many representations received by the Prime Minister, is the government considering reversing its announced policy and allowing the shack tents and portable cabins to remain at Waskesiu in the Prince Albert national park?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps the hon. member would wait until the minister comes back.

Mr. Speaker: I think this question should be placed on the order paper.

[Mr. Hellyer.]

[*Translation*]

UNITED NATIONS

CANADIAN CONTRIBUTION TO FUND TO AID UNDERDEVELOPED COUNTRIES

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, may I put a question to the Secretary of State for External Affairs.

Canada has recently announced a contribution of some ten million dollars to the United Nations program of assistance to underdeveloped countries. Is the minister in a position to indicate to the house what is the purpose of this contribution and to what use it is to be put, as other countries specify when they make such contributions?

Mr. Speaker: It seems that this question is too general in nature to be put at this time.

[*English*]

THE CANADIAN ECONOMY

REQUEST FOR INQUIRY INTO INCREASED FOOD PRICES

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I had a question for the Registrar General, who seems to have stepped out of the chamber for a moment. Perhaps I might ask it of the Minister of Finance, who is also concerned with this question. In view of the forecast made in a speech yesterday that food prices in Canadian supermarkets will soon rise by a substantial amount, is the government taking any specific action to prevent the need for such price increases?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the last information I had was that the price of food had gone down in the cost of living index. I really do not indulge in forecasts.

Mr. Woolliams: In what supermarket do you do your shopping?

LABOUR CONDITIONS

WAGE PARITY BETWEEN CANADA AND UNITED STATES

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Finance. In view of the present inflationary pressures

on the economy, what is the government's position in regard to wage parity with the United States?

Mr. Speaker: Order, please. This is not the type of question that can be put at this time.

IMMIGRATION

BERTRAM PETERSON—REQUEST FOR PERMISSION TO REMAIN IN CANADA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the Minister of Manpower and Immigration regarding one Bertram Peterson, a coloured South African newspaperman who has been asked to leave Canada by the 16th of this month. In view of the widespread concern in Canada about sending any person, especially a coloured person, back to South Africa to live under apartheid, is the minister planning to use his discretionary powers to permit this gentleman to remain in Canada?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, one of the first cases with which I dealt under the new regulations concerned a man who came from South Africa. That is why I am ready to take a second look at this case to see whether something can be done.

VETERANS AFFAIRS

INQUIRY AS TO INCREASES IN PENSIONS AND DISABILITY ALLOWANCES

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Veterans Affairs. In view of the fact that amendments to the Pension Act were not included in the list of legislative items to be dealt with in the balance of this session, is it the intention of the minister to provide for changes in pension rates in supplementary estimates?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, the only answer I can give to that question is that it is possible to do it in that way, and for this reason it need not be in the list.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

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

• (3:10 p.m.)

Hon. George Hees (Northumberland): Mr. Speaker, today this country faces a very serious economic situation from three points of view. The first is the rapid deterioration of the purchasing power of our dollar, which has reached such a point that next January 1, $1.05 will be required to buy the same amount of goods and services which $1 could buy last January 1. This is hard on all citizens of this country, but particularly so on those who live on fixed incomes, such as pensioners, because they have no way of increasing their income to meet this rise in the cost of living by new wage contracts or by increasing the price of their goods to other Canadians.

Second, we have a critical housing shortage. This year the housing production will fall short by more than 50,000 units of the minimum of 190,000 housing units which the Economic Council of Canada has advised us is the absolute minimum we must produce in a year to provide adequately for the housing needs of our citizens.

Third, a rapidly decreasing industrial productivity is facing us as we prepare to enter the most serious economic competition we have ever faced, which will be presented to us starting on January 1 when the Kennedy round tariff reductions come into effect. All Canadian producers will face much stiffer competition as a result of the fact that foreign goods will enter our markets more cheaply. Although tariffs against Canadian goods in the export markets will be reduced, those tariffs will also be reduced against the products of our competitors, and the home producers will not sit back and simply allow us to take over, any more than Canadian producers will allow foreign producers to take over this market. Therefore, at a time when we are facing the most serious competition we have ever faced, we are in a very weak position.

Not only must we correct these three situations that I have mentioned, but we must make sure that they do not recur in the future. To do so we must first of all find out why these situations have occurred, and take steps to make sure the same does not happen in the future.

The first cause of this trouble was the lack of skilled workers, which became apparent in

the latter part of 1964. In 1961 the Conservative government introduced a policy of building training schools across this country. During the next two years, we built no less than 224 new schools, and enlarged 130 existing schools. This gave the country an added capacity for turning out trained skilled workers to the extent of 140,000 trained people a year. We had planned a systematic increase in this building program, year by year, to look after the growing demand for skilled workers in the future. However, when the Liberal government came to office in 1963, they were not aware of the growing importance of providing greater numbers of skilled workers for our factories and our farms, and they did not continue this expansion program at the rate we had planned. The result was that in the latter half of 1964, it became obvious that a very real shortage of skilled workers was developing in this country. As I have said, the government did nothing to increase the rate of expansion which we had planned when we were in office, nor did it increase immigration to bring in the additional skilled workers whom our industry required to fill the gap between the numbers we were turning out from our training schools, and the number we needed in this country. As a result of this shortage of skilled workers, our factories and farms were unable to produce goods in quantities necessary to meet the demands of the affluent society here in Canada and in countries abroad. Prices started to rise, and inflation set in.

We know that inflation is caused when too much money is chasing too few goods. There are two ways to correct the situation. The first is to increase the volume of goods available for sale. The second is to decrease the amount of money available to buy the goods. As you would expect, this government chose the latter course, namely the negative course, and applied a tight money policy with regard to our country's economy, as a result of which interest rates began to rise.

Because of the government's tight money policy, our producers were unable to carry out the expansion of plants and equipment to handle the need for increased production. In addition, the shortage of skilled workers continued. Goods remained in short supply. As a result of these two situations, prices continued to rise, and have continued to do so ever since, until today we have the highest cost of living in our history.

Because of this government's tight money policy, mortgage money has become very scarce since the fall of 1965. As a result, in 1966 the number of housing starts in this country fell 20 per cent lower than in the previous year. This year, because of the same conditions as experienced in 1966, the number of housing starts will remain the same as last year, and we will be more than 50,000 houses short of the minimum of 190,000 starts which the Economic Council of Canada tells us is the absolute minimum we must produce in this country each year to look after our country's minimum housing needs.

As a result of the shortage of capital, of the shortage of skilled workers in this country to meet the demand for products, and of the high interest rates which have impeded the ability of producers to modernize their plants and equipment and introduce new systems into their production, our productivity has fallen very seriously at a time when we face the most serious competition we have ever faced, brought about, as I have said, by the Kennedy round tariff reductions which will come into effect next January.

So we are faced with a very serious situation indeed, and it is the responsibility of members of this parliament to advise the government as to what we believe should be done to overcome and improve this situation, because it is obvious from the government's lack of action, and lack of policy in this regard, that they are unable to meet this very serious situation.

• (3:20 p.m.)

Over the past 25 years, Mr. Speaker, we in this parliament have devoted the major portion of our thought and energy to developing a social security system; one which today gives reasonable coverage to those who cannot provide for themselves. In the future these measures will certainly be expanded and improved as we are able to pay for such expansion out of our national income. But in the meantime I believe we should devote our major thought and energy to developing an economic climate in this country in which industry and agriculture can expand according to their ability to sell their products at prices which people, both in Canada and in the export markets are willing to pay. It is only in this way that we can make available the jobs which our people need to keep them employed; and that we can pay for the social security that we have given ourselves; and provide the best form of social security of all, namely, good jobs for all of our people, with an expanding future.

Such an economic climate must include five things: first, a greatly increased productivity;

second, a continuous flow of credit and mortgage money at reasonable rates of interest; third, a stable and, if possible, declining tax rate; fourth, an adequate supply of skilled workers so that our factories and our farms may produce up to the demand of consumers for their products; and fifth, a far greater research effort to develop new and better products at lower costs.

How are we going to produce such a climate, Mr. Speaker? I believe the first step is to discard the present lack of economic planning indulged in by this government, which causes it to move from crisis to crisis, and to substitute for that lack of economic planning the direction and planning that is needed to guide our economy along the most productive lines.

This can be brought about by replacing the unco-ordinated effort of the six departments of government which have the greatest effect on our economy, namely the Department of Finance, the Department of Trade and Commerce, the Department of Industry, the Department of Agriculture, the Department of Transport and the Department of Manpower and Immigration, with a co-ordinated planning effort.

The instrument for carrying out this future planning would be a permanent committee of the cabinet, to be known as the economic planning committee, under the chairmanship of the Minister of Finance, and composed, along with the minister, of the ministers of the other five departments to which I have referred. This committee would work closely with the Canadian Economic Council, and would rely heavily on its economic studies in preparing the recommendations which it would put forward to the cabinet and the Prime Minister in relation to the future economic growth of this country.

These plans; the results to be expected from them; and their cost, will give the government vitally needed information on which to base the decisions that they will have to make in the future regarding spending priorities when the annual budget is prepared each year and whenever any other important economic consultations take place.

One of the first tasks with which this committee would have to busy itself would be the development of increased productivity in manufacturing, which is a major employer. Measured in terms of output per person employed in manufacturing, our performance over the 20 years between 1946 and 1966 inclusive showed an average yearly increase of 3.4 per cent. This year the preliminary figures available to the Dominion Bureau of Statistics clearly indicate that the rate of increase in the work force has exceeded the rate of increase in manufacturing production, and that our present productivity is considerably below that of last year.

In 1961 the Conservative government established the productivity council, which was made up of representatives of industry and labour. All those representatives were extremely able men chosen for their ability in their particular field; and I might add that one of the distinguished members of this council was the present Minister of Manpower and Immigration (Mr. Marchand), who did very able work for the council. The job of the council was to recommend steps which they considered would most likely increase productivity.

During the next two years, this Productivity Council made excellent progress, but unfortunately in 1963, when the Liberal party took over the government, the Productivity Council was disbanded, and the Department of Industry was created to take the place of the industrial section of the Department of Trade and Commerce, and the Department of Defence Production.

This new department took over responsibility for increasing productivity from the Department of Trade and Commerce, and I think it would be interesting, Mr. Speaker, for us now to examine the results this new department has been able to produce since it took over this very important responsibility from the productivity council, operating under the aegis of the Department of Trade and Commerce.

These results, Mr. Speaker, are as follows. Productivity increased in 1964 over 1963 by 4.3 per cent. It increased in the following year, 1965, over 1964 by 4 per cent. It increased last year, 1966, over 1965 by only 2 per cent, while productivity in the United States increased over the year before by 3.6 per cent. And as I said earlier, Mr. Speaker, the preliminary figures available to the Dominion Bureau of Statistics indicate very clearly that productivity this year is falling very considerably below that of a year ago.

So, Mr. Speaker, we see that the performance of the department which took responsibility for increasing productivity away from the Department of Trade and Commerce, and the productivity council, has been to reduce the rate of productivity growth in four years from 4.3 per cent a year

increase to what the Dominion Bureau of Statistics indicate very clearly will be a minus figure this year.

Canada, Mr. Speaker, cannot afford this kind of negative performance in a matter as important as industrial productivity. Because it is on that productivity that we are going to depend for our ability to make sales in the domestic market, conscious of the fierce competition which our industries will encounter from January 1, on, when tariffs against a tremendous volume of goods entering this country will be substantially reduced.

• (3:30 p.m.)

As any businessman would admit, the needs of industry were better served when all industrial matters were administered by one department, and at a small fraction of the cost of running the present bureaucracy, the Department of Industry, which has produced little but confusion and an alarming drop in productivity. The Minister of Finance has stressed in each of his recent speeches—and his last speech was made last week in this house—that it is vitally important for this country to increase productivity greatly, so that our products remain competitive and may be sold against the kind of competition we shall be up against in the near future. The minister avoided telling us what steps the government intends to take to make this oft repeated platitude a reality. It will become a reality only if the government introduces taxation incentives to persuade industry to introduce new machinery and improve methods to bring about the needed improvement in our productive effort. These tax incentives, which should be available to individual producers in proportion to the improvement in their productivity, will bring the desired result.

If the Minister of Finance keeps talking about the need for increasing productivity without giving the slightest indication of the leadership which will make that possible, productivity will continue to fall as it has been falling ever since this government took over responsibility. We shall find that our products cannot compete against the fierce competition we shall encounter in this country and in markets abroad. Tariffs are to be lowered for Canadian products in the export market, but they will also be lowered for the products of every other competitor in those export markets. The home producers will not sit back and allow those markets to be taken from them. We face the most fiercely competitive period this country has ever seen, and this government does not realize that. It is perfectly content to keep mouthing the platitude that we must keep increasing productivity, and let it go at that. This is not good enough. It ought to be obvious to the minister and the government that business will not change from its present ways. It will not heed lectures by the Minister of Finance or other ministers.

Business will react if it is given proper incentives to induce it to do what the government knows must be done. Business must invest in new machinery and new systems to make it more efficient, so that it will be possible to turn out goods more cheaply to bring about a condition whereby prices will come down. That way it will be possible for customers in Canada and in the export market to buy Canadian products, instead of passing them over for products made in other countries. It is as simple as that.

It will not do for the minister to argue that he cannot afford to make available such taxation incentives, as they will create a tax intake loss which the country now cannot afford. He knows perfectly well that incentives like that will pay for themselves many times over in the near future by making it possible for us to sell a greatly increased volume of goods. Our prices will appeal to buyers and they will not turn down our goods. That activity will produce additional commodity taxes, and will produce additional income taxes, which will be paid by workers who will be working instead of being on relief. It will provide corporation income taxes, as well as all kinds of other taxes which will make it possible almost immediately for the government to make up any initial tax loss many times over.

The government has no alternative to offering taxation incentives such as the ones I have mentioned, because that is the only way to make industry react as the government wants it to react. Industry must react that way if we are to remain competitive and provide the jobs our people need. There is no alternative.

Having stressed many times the need for increased productivity in this country if we are to remain competitive, the Minister of Finance, before this debate ends tomorrow night, ought to tell the country what the government intends to do to make this increase in productivity a reality. Any refusal to do so will be completely inexcusable. It has become apparent that this country cannot afford any more the stumbling, bumbling and

the moving from crisis to crisis which we have experienced lately.

I have tried to outline to the house in the brief time allotted to me why we have arrived at the position we occupy today. We have runaway inflation, a housing crisis and a shocking drop in productivity. That is not good enough for a country with Canada's potential. There is an additional reason for our troubles, and I sympathize with the Minister of Finance sincerely in this regard. The minister is not given a proper opportunity to do the job that I think he would like to do. It became obvious, to anyone who did not know it before and who listened to the President of the Privy Council (Mr. Gordon) speaking in the house the other night, that we have not one minister of finance in this government, but two. We have the minister of finance for Eglinton and the minister of finance for Davenport. It was obvious, as the minister of finance for Davenport spoke the other night, that he completely disagreed with the minister of finance for Eglinton. That kind of approach to this country's problems is not good enough. The trouble is that the two ministers cannot get their points of view across to the Prime Minister (Mr. Pearson). Thank heaven the President of the Privy Council is not minister of finance; obviously he is trying to be and this, I believe, is causing a great deal of confusion in this government.

I urge the Minister of Finance to take a strong stand and to outline to the house before this debate ends what he intends to do, regardless of what the President of the Privy Council has to say. He should tell us whether he intends to make available to industry in this country a taxation incentive to enable it to buy new labour saving machinery and labour saving systems which are needed to bring costs down. Such machinery and systems are needed if productivity in this country is not to drop, as it has been doing, day by day.

• (3:40 p.m.)

I urge him to take a strong stand with other members of the cabinet to do the things I believe he would like to do. If this government does not intend to take action it will become ever more clear that the country cannot afford to put up with an administration which is overtaken by events day by day; we need a government which shapes events. The only cheering factor in this whole dim picture today is that, fortunately, time will make it possible for this country in the relatively near future to have such a government to carry on its affairs.

Mr. Steven Otto (York East): This discussion prompts me to debate a few points with the minister. It is sometimes presumed that I take issue with ministers and criticize them. Of course, this is not the case. In this instance I do not intend to criticize the minister because I sympathize with his point of view.

If I may introduce a personal note, I was much impressed by the manner in which the hon. gentleman introduced his subject; he reminded me very much of his father-in-law who was my high school teacher in St. James, Manitoba. I may say the minister made a presentation which would do his father-in-law great credit. Rather than take issue with the hon. gentleman I will comment on some of the points he made. I think he is on the right track if he is a reform minister—and this is a reform party and a reform government. The first requisite is to understand our assumptions correctly; we all base our ideas on certain assumptions. The minister made a meaningful statement when he said it was surprising to find at a time of easy money like the present that high interest rates were prevalent, because the book says that in times of easy money we should have low interest rates.

It is very important to understand that something has happened to an assumption, because we are then free to base our actions on that new understanding. Today we have high interest rates even in a time of easy money, and I dare say that even if interest rates on mortgages were raised the desired result would not be produced. The minister told us, more or less, that inflation or expected inflation causes investors to become concerned about the real values of long term bonds and leads them to demand higher yields as compensation. This is of course true. But I doubt whether high yields would solve the problem. My hon. friend also pointed out that the result is a desire for liquidity. That also is true; people do not want to invest their money for 25 years if they are convinced in their own minds that the inflationary process will offset their returns. I was greatly surprised when in accordance with this concept the N.H.A. mortgage interest rate was raised to 8¼ per cent in an attempt to outguess investors who do not wish to put money into long term investments.

I intend to mention a few more assumptions and I should like the minister to examine them with me. It has now been proved

wrong to assume that easy money is accompanied by low interest rates. This leads me to wonder how many other assumptions may prove equally misleading. The minister's answer is as follows: If, collectively and individually, labour and management do not exercise restraint in connection with wage and price increases, there will be no escape from a cooling off period. There is a presumption here that if we do not exercise restraint higher taxes will be imposed in order to resolve the problem of inflation.

This is based on the assumption that higher taxes would mean lower take-home pay and less desire to spend money, because there would be less money to spend. But I would ask the minister this: Does the working man take account of his total annual income, or does he simply look at his take-home pay? I suggest he is not really concerned what his income is, or what his wage is; he does not really care how much is taken away in taxation. What he wants is a take-home pay sufficient to buy the goods for which he and others like him have created a demand.

Mr. Sharp: Could I ask the hon. gentleman a question? Is he saying he agrees with me, that voluntary co-operation in restraining price and wage increases is preferable?

Mr. Otto: I shall deal later with the question of the voluntary exercise of restraint. I say that take-home pay is the real issue, not the total hourly or weekly wage. If the workingman does not get enough to spend, he will ask for more.

This leads to another question. Will he get more? Normally, at the time the books were written, demand and desire were two different things. A man might desire a new television set or a new car but if he did not have the money to pay for it he could not buy it. Demand was governed completely and directly by purchasing power. I do not think the minister will deny that today desire and demand have come very close together, because the producers of goods have so merged the two that desire for an object creates a demand for it. That is the whole purpose of promotional advertising. If the demand is strong enough, other methods are used in order to get the purchasing power. This of course is where we run into trouble.

The minister has just asked whether voluntary restriction is something we can anticipate. I shall be a little more pragmatic. Organized labour—and we are talking mainly about organized labour—is not dealing on the basis of long term considerations. It does not have the same vested interest in a particular industry, or a particular plant, as it once did. There is greater movement.

• (3:50 p.m.)

I will give an example. Some five or six years ago Mr. Reuther of the automotive workers union pondered the problem of leisure time. He decided to adopt a policy of cultural education, cultural improvement for his union members, anticipating the time when they would have more leisure. It was quite a program. There were television commentaries about it and it was written up in the press. He was going to spend $20 million of the union money to build cultural centres where members could improve their minds and be ready for the anticipated greater leisure time.

However, this was a very short dream. It was shot down very quickly, and Mr. Reuther has not mentioned the subject since, simply because labour is interested in short term gains. Union members want more money; they want more purchasing power. If one examines labour negotiations over the past three or four years he finds that the emphasis has shifted back to money. Labour says, "We don't care about the side benefits, we want more money."

The minister's plea to organized labour for restraint and for adoption of the long term point of view will receive a doubtful reception, to say the least. But this does not exonerate management. Management classes of all types are looking more and more to the side benefits. They are not concerned about salary. They are concerned about memberships in social clubs, golf clubs, diners clubs, travel, entertainment and such things as that. Salary is not the great issue.

Another assumption upon which we base our thinking is that there is compulsion on all sides to settle work stoppages. Work stoppages have a great deal to do with production, something the hon. gentleman from Northumberland (Mr. Hees) has been talking about. We presume that when there is a work stoppage both sides want to settle it. We presume unions do not like giving out strike pay and that companies desire to start making money again. But this is only a presumption. We know today that unions have adjusted very nicely to such a situation, and one thinks immediately of the current example of the Ford work stoppage.

Workers at Ford are on strike and the automotive workers union is willing to pay $20 million to support the strike. Today if a

firm is struck, and this happened recently during the iron workers strike in Toronto, the workers can go and work elsewhere, be it in a union shop or not. They get a certificate enabling them to do this, but in order to get that certificate they have to pay back to their union 50 cents for each hour they work. Thus there is no longer the same compulsion on a union to settle a strike.

Let us consider management in such a situation. Recently the Registrar General (Mr. Turner) wrote an article pointing out that the shareholding structure of large corporations is very fluid. Within a period of six months those with shares will often sell them. Shares are used as a means of speculation. We have developed a new managerial class which is not too greatly concerned with the profit position.

Recently I spoke to a group of managers, one of whom argued that a work stoppage now is really a game of inventory. Management tries to produce enough inventory to make a strike ineffective, and of course the union tries to do the opposite. On top of this the same gentleman said, "It really does not matter much, because if we did produce 12 months of the year we would have to get a new sales manager since the present one cannot sell 12 months production. It is simpler for him to have only nine or ten months production."

Indirectly management is not that keen about increasing production because this increases its distribution problem. What we have is an assumption that is wrong. Our assumption is that management tries to produce and negotiate a settlement immediately. We also assume that labour tries to negotiate a settlement immediately. This has proven not to be so. Directly or indirectly this situation has developed and we must examine what we can do to overcome it.

There is what I would term the psychology of business and finance with respect to a shortage of money. The Minister of Finance (Mr. Sharp) has quite rightly said that business and finance must consider which choice to adopt. I would go further and ask the minister to delve deeper into the matter and see whether a certain psychology established by industry or by finance cannot be overcome by government departmental activity.

If I as an investor believe inflation is going to increase by 5 per cent per year, naturally I want to invest my money over a short period. If I invest it for 25 years I will want 75 per cent interest to cover the rise in inflation. To combat this the government at present will try to get me to loosen my money and allow me to charge a higher interest rate. But here I will run into competition with the government. It is like a Dutch auction.

I suggest that, where business is confident, it will expand its activity even if it has to borrow money at 20 per cent. The minister and his department may try to cool this trend; but which is going to be stronger, government or business? This is something worth investigating.

National guide lines have been talked about for business, industry and labour. Guide lines are all very well, but I have always been impressed by a quotation which says that only the earned profits are credited—the unearned profits have gone down to defeat.

The government may tell an industry to behave properly. But if the people running it do behave properly and in the interests of Canada, then I suggest that is not the business in which they should be, because essentially all business is out to make money. Capital today is an international thing. It flows quickly from border to border, from nation to nation. If the climate is not suitable in one place it will move to another place. It will try to do as good a job as possible in the country where it is invested, but its primary concern is to make profits. There is always a certain friction. The choice is: Shall we be good citizens of Canada, or shall we put our money into Tanganyika or some other place where we can make more profit?

Another assumption to which the minister and the hon. member for Northumberland have often referred is that savings are the key to industrial and commercial expansion. I put it to the minister, whether people really use savings, in the term that we know, to invest in equity stock, or whether they use their savings to buy insurance, bonds and real estate mortgages. I would ask him to investigate whether it is not really dividends, profits, that go back into industrial expansion. If this be the case then it does not matter that Canada is short of savings so long as we can somehow recapture dividends that might leave the country and have them reinvested in Canada. I believe it is dividends which are more likely than savings to be reinvested in capital expansion.

• (4:00 p.m.)

I should like to make a number of suggestions to the minister. I make them not only to the Minister of Finance, but of course to every minister of this government, because these things are very interrelated. The first in

order of priority is that we must recognize that we cannot increase wages or social benefits, or any such things, more than the increase in the gross national product. If we increase our gross national product by 10 per cent, then we can spend only 10 per cent, whether it is in increased wages, whether it is in welfare payments or in some other form. If we spend more than the increase in the gross national product, then the government goes broke whether it happens immediately or later.

A nation cannot spend more than it earns. If our production increases 10 per cent we can only consume 10 per cent more goods. The government therefore must devise immediately a way to settle wage disputes and management-labour contracts without work stoppages. This is not so new. We have had the same type of wage dispute settlement procedures for 100 years.

Surely we can induce management to settle a strike, even if it means going to management and saying that for so long as the strike continues every dollar the company makes will be attached, so that at least the company does not lose anything and does not make anything, but production continues and the government is the beneficiary. We may have to go to labour and say to them that so long as a strike lasts their union dues will go to the government. Surely we have reached a time when we can solve this problem by introducing a procedure for negotiation of labour disputes, without the necessity of a work stoppage, because it is the production stoppage which causes the trouble. It really does not matter if our new technology enables us to increase our production by 10 per cent, if we lose 10 per cent as a result of the work stoppage. One nullifies the other. There are many ways this can be handled, but surely some way must be found.

Then there is the matter of consumer credit. This somehow or other must be brought under control. The minister might say that we will cut down wages by taxation, so that automatically people will not be able to buy the goods they wish to buy. But we have a fantastically large industry which actually is in the business of usury. This is very old. They will say, "Oh, no; buy now, pay later". They will say that they will anticipate the earning capacity. So it really does not matter what the minister or the government says, so long as the consumer credit industry has faith in the economy or has faith in collecting a certain amount of money. Since they charge 18 per cent they have a leeway there for bad debts. They will make the purchasing power available. Somehow this other source of banking must be brought under the same control the banks are under at the present time, whether it is under the Bank of Canada or under some other department of government. Any industry or agency which creates or plays with money must be brought under government control, if the government is to exercise control over the economy.

As to the matter of taxation, I may say that I have studied the Carter report, and I think the minister will come to the conclusion that most of the recommendations of the Carter commission will have to be adopted. I hate to say this, because it is contrary to my thinking about the establishment, but Mr. Carter could be described as the top member of the establishment. I sometimes think it is a shame that only the top member of the reactionary establishment should be the one to introduce a scheme which is necessary and radical. I think that, with the introduction of the Carter report, we could look forward to increased production and buoyancy of financial institutions. I think we would have taxation powers which would enable us to shift emphasis from industry to industry in accordance with government policy. We must make new arrangements in respect of exports and imports. I have introduced a bill on that subject which would enable us to balance exports and imports by production hours rather than by money.

Another idea which at least should be investigated is the matter of escalation of bonds, and possibly the escalation of mortgages. So long as investors are not willing to invest money for a long term period because they are afraid of inflation, then of course indirectly they want to introduce inflation to justify their own ideas. We might say to the Canadian investor that if today he invests in a government bond in the amount of $100, in ten years time we will pay him the $100 plus the cost of living index. At least this would give the government some measure of control over the desirability of taking in or putting out money. At the moment, however, so long as the investor, whether small or large, thinks we are on the road to inflation he will not invest and will not put up long term securities.

This is not new. An eastern company now is working with a United States company in the institution of an idea of insurance policies which will escalate. We have yet to see what the reaction will be, but I imagine it will be very successful. There is no reason why the

government could not take a lead in investigating what would be the result of such a policy.

There should be a reorganization of our whole government structure in respect of insurance and welfare. Is our unemployment insurance really an insurance policy, or is it a welfare policy; is it payable merely to those who lose their jobs or is it payable because of certain other circumstances? Is it under the influence of politics? Of course it is. Do people look on unemployment insurance as savings? In other words, when they have had the good fortune never to have been laid off and are now ready to retire, do they say to themselves, "That is my money, I want it" So long as they do that we do not have an insurance policy; we have a welfare policy.

Many other items of government could be reorganized and placed in their proper brackets. We should know what is insurance and what is welfare, so that we know where we stand. Insurance should stand on its own feet, whether it is national housing insurance, unemployment insurance or hospital insurance, including the old age pension. It should stand on its own feet, so that we know what amount we can afford to give to other welfare measures.

There is also the matter of the Canada Development Corporation, but I believe I have dealt with the necessity for this. I have also introduced a measure in this regard. Of course all of this is as easy or as difficult as the minister or we as a government have the guts to make it. I was looking at a book written back in the early fifteenth century by a gentleman named Machiavelli, who was much maligned in past centuries. He was giving instructions to Lorenzo the Magnificent in respect of how to run his policies. I was interested to find that at that time, when instructing Lorenzo the Magnificent about the difficulty of introducing new ideas, he said:

> And it ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things.
>
> Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new. This coolness arises partly from fear of the opponents, who have the laws on their side, and partly from the incredulity of men, who do not readily believe in new things until they have had a long experience of them.

• (4:10 p.m.)

The same principle applies to those measures introduced to the house by way of reforms in the rules and procedures of this place. Let me remind the minister that in order to introduce reform you must introduce new ideas. This will be difficult, in that the department will oppose because it is so sure of the value of old methods. This is particularly so when you can find in any book on economics the statement in black and white that when you have a lot of money you will have low interest rates.

The hon. gentleman representing Northumberland quoted from the same book and said that when you have too much money chasing too few goods you have inflation. Let me suggest to that hon. gentleman that if he looks back over the past seven years he will find that we had inflation during times of tight money and during times of loose money, yet at all times we had lots of goods.

In order to introduce a new idea you must look back to find out why it is necessary. I put it to the minister that he should look at all the assumptions upon which his department's policies are based. If he finds that those assumptions can remain unchanged, that is good; but if he finds that the assumptions are wrong by today's standards, then he requires new ideas and new rules, not those in the book.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to make a few remarks today concerning some statements that have been made, some events that have taken place and the atmosphere that exists at this time in Quebec.

First, I would like to comment on a sentence spoken yesterday by the hon. member for Villeneuve (Mr. Caouette). As recorded in *Hansard* in the right-hand column of page 2,967 he said:

> I do know one think. Our confederation was founded in 1867. Since that time I am convinced that Canadians of all extractions recognize the right of bilingualism in our country, namely the French and English languages. That is the wish of the people.

Now, Mr. Speaker, the hon. member for Villeneuve admits that the people want bilingualism and recognize the rights of bilingualism. But what surprises me is that the member for Villeneuve adds that since confederation, Canadians of all origins recognize the right of bilingualism in our country.

Now, what are the facts? Exactly what has happened? Confederation was voted in 1867. Barely four years later, as early as in 1871, in New Brunswick, an act abolishes Catholic schools and banishes French as an official language in New Brunswick.

Six years later, in 1877, an act in Prince Edward Island forbids the use of French in the schools throughout the province. A fine start for the first hundred years of confederation; barely ten years later, in 1877, the use of French in the schools is forbidden by a provincial law.

Thirteen years later, in 1890, in spite of section 23 of the Manitoba Act, out west, that province abolishes separate schools and the official use of the French language. A further interdiction in another province, Manitoba, in 1890.

In 1905, Laurier sacrifices the rights of French minorities in Saskatchewan and Alberta, under section 17 of the Saskatchewan Act and under section 17 of the Alberta Act (1905). Everything was going well for the rights of the French language within confederation.

In 1912, confessional schools are abolished in Keewatin and French is forbidden. Bilingualism was in a fine shape during the first century of confederation.

In 1912 also, under regulation 17, Ontario goes to war against the French language. As things were, there was some talk of a war against the French language in Ontario.

In 1916, Manitoba abolishes French in all primary schools. Things were going well, a hundred years of confederation. That is why we are probably right in referring to a hundred years of injustice.

In 1930, Anderson, the Saskatchewan premier, banishes French from his province.

So there, all the provinces have done it. French was prohibited by legislation, French was banned, it was prohibited in primary schools in the western provinces, in Ontario and in the maritimes.

The hon. member for Villeneuve said yesterday: it is not because of confederation, it is not Ottawa's fault. Well, Mr. Speaker, there is in the British North America Act, in the Canadian constitution, legislation giving Ottawa the authority which has always been granted to the federal government, to intervene in the cases I have mentioned, when the use of French is banned from a province. Section 93, subsection 3 of the British North America Act which laid down the Canadian confederation, the famous confederation, states:

> Where in any Province a System of Separate or Dissentient Schools exists by Law at the Union or is thereafter established by the Legislature of the Province, an Appeal shall lie to the Governor General in Council from any Act or Decision of any Provincial Authority affecting any Right or Privilege of the Protestant or Roman Catholic Minority of the Queen's Subjects in relation to Education:

It was very simple. And subsection 4 of same section 93 states:

> In case any such Provincial Law as from Time to Time seems to the Governor General in Council requisite for the due Execution of the Provisions of this Section is not made, or in case any Decision of the Governor General in Council on any Appeal under this Section is not duly executed by the proper Provincial Authority in that Behalf, then and in every such Case, and as far only as the Circumstances of each Case require, the Parliament of Canada may make remedial Laws for the due Execution of the Provisions of this Section and of any Decision of the Governor General in Council under this Section.

• (4:20 p.m.)

Mr. Speaker, legislation to ban and prohibit the use of French was passed by all provinces and never, never has the Ottawa government invoked the provisions of subsections 3 or 4 of section 93 to adopt remedial measures towards the oppressed minorities in western Canada, in Ontario and in the maritimes. Nor has the federal government felt it proper even to attempt to repair the wrongs to the French minorities in other provinces although it was fully empowered to do so under subsections 3 or 4 of the British North America Act.

Well, is it not the fault of confederation, of the federal government at Ottawa if our minorities have been persecuted as they have been in other provinces? I say yes, Mr. Speaker. I say it is the fault of Ottawa, of the federal government which failed to adopt the remedial measures indicated in section 93.

Mr. Allard: Mr. Speaker, would the hon. member allow me a question?

Mr. Grégoire: Certainly.

Mr. Allard: About section 93 of the constitution of 1867 and about the remedial acts that the federal government can pass to rectify those injustices, I would like to point out to the hon. member that, on the constitutional level, section 93 deals only with religion, not language. Therefore, does he not feel that in many amendments to the Canadian constitution section 93 should also be extended to linguistic matters?

Mr. Grégoire: Mr. Speaker, at first sight, that may seem to apply to religion rather than to language, but judging from the indirect methods used to prohibit and suppress

the use of the French language, it was done under cover of religion and the result is exactly the same. In fact, the provinces that wanted to prohibit the French language in the west succeeded exactly as if the act had mentioned it. They acted indirectly but they achieved exactly the same purpose.

Furthermore, subsection 3 deals with separate or dissident schools. It is not necessarily a matter of religion; it a matter of language as well as religion. Indeed, the following expression is used:

—a system of separate or dissident schools.

What have been the results, Mr. Speaker, of all these discriminatory measures passed in all the provinces, except Quebec, where no such legislation was passed and whose minorities were respected? What have been the consequences? Well, Mr. Speaker, between 1900 and 1961, date of the last census in Canada, 514,312 Canadians of French origin gave up speaking French. That has been a true racial and linguistic genocide.

Those French-speaking Canadians have adopted English as their mother language and 34 per cent of the French Canadians from the other provinces have become English-speaking citizens and have forsaken their own language due, precisely, to these discriminatory laws which were passed in the nine other provinces of Canada but not in the province of Quebec.

Let us take Newfoundland, for instance, where in 1961 there were only 3,150 citizens whose mother tongue was French; on the other hand, 14,021 citizens whose mother tongue was French have stopped speaking their own language and have adopted English as their mother tongue; this means, in Newfoundland, a loss of 81.65 per cent.

In British Columbia, 26,179 have declared French as their mother language and 40,791 have given up French in order to adopt English as their mother tongue which means a 60.9 per cent loss.

In Nova Scotia, 48,315 citizens have given up the French language, opting for English as their mother tongue, a loss of 54.9 per cent.

In Prince Edward Island, 9,460 have chosen English rather than French as their mother tongue, so there are only 7,958 people left in Prince Edward Island whose mother tongue is French.

In Alberta, the loss is 41,043 persons, in Saskatchewan, 23,661. In Ontario, 222,639 French-speaking Canadians have abandoned their mother tongue and speak only English, and this just because these laws have been passed. In Manitoba, 23,037 have relinquished their mother tongue, and in New Brunswick, 21,597.

This has been the inevitable result of the various laws I mentioned earlier, which have been passed since confederation against the use of the French language and for its prohibition in other provinces.

For this reason, I think the hon. member for Villeneuve should re-examine the facts before stating, as he did, that:

Since that time, I am convinced that Canadians of all extractions recognize the right of bilingualism in our country, namely the French and English languages.

This was accepted only in one place, the province of Quebec, and refused by the other nine provinces through laws and discriminatory legislation which led to an actual linguistic and racial genocide.

Mr. Speaker, I reread today the speech made by the hon. member for Villeneuve, and I think his argument contained two specific points. First, he did not think that the present situation in Quebec or in Canada was the fault of confederation or Ottawa.

In my opinion, Ottawa is certainly to blame for the language situation, because it did not take the remedial and other measures necessary.

Even today, Mr. Speaker, in 1967, the Minister of Transport, here in Ottawa, tells us that nothing will be done to facilitate winter navigation on the St. Lawrence, because Halifax might be harmed. Even yesterday, in Toronto, the mayor of that city declared that he did not want Expo to become permanent in Montreal because it would be detrimental to Toronto. This or that action is always being forbidden in Quebec as it might be prejudicial to Halifax, or Toronto, or some other city. Why can the Quebeckers not be allowed to develop on their own, when they have the natural resources, the possibilities to do so?

The St. Lawrence is in Quebec; yet the Quebeckers cannot have winter navigation lest it harm Halifax.

Expo 67 was planned, built and is now a living fact, in Montreal. And all this should be pulled down so that it will not interfere with Toronto.

Is this that national unity you are talking about? To destroy and demolish and prevent Quebec from developing so that other sections of the country may not be harmed. Well, I say that when such things happen in

Quebec, it is Ottawa's fault, and the blame should also be put on confederation; they prefer to please Toronto and Halifax rather than to allow Quebec to develop.

This situation has been prevailing in Canada for the past hundred years and that is why I say that we are quite justified in Quebec, in view of laws and facts I have just mentioned to cry out: a hundred years of injustice!

• (4:30 p.m.)

Mr. Speaker, another matter raised now by the hon. member for Villeneuve and raised by him in Quebec over the weekend—and I think he is right and I agree with him—is that there is no political freedom without economic freedom. But he should finish his sentence by adding that there is no economic freedom without political freedom, and if Quebec wants economic freedom, it shall need its political freedom also, just as it will have to work towards economic freedom to attain political freedom.

Mr. Speaker, I have here a few figures. We hear sometimes of the hopes of the people of Quebec, and of their desire to develop in some spheres. Well, I have here some statistics which show that confederation as a whole has not always served the aspirations, desires or wishes of Quebec, far from it.

Take, for instance, Canada's national debt, which I divide into four separate stages. I shall mention them first, then give an explanation of each afterwards.

First, in 1840, at the time of the Union Act; second, the British war in South Africa; third, the First World War; and fourth, the Second World War.

Our national debt arose out of those four stages, but there was also the Korean war.

The year 1840 saw the passage of the Union Act, under which Upper Canada and Lower Canada were united, although the latter, now Quebec, had about 40 per cent more population than the former, now Ontario. Ottawa decided then to take over the debts of both provinces, of both groups. The debt was about twelve times higher in Ontario with a sparser population than in Quebec, but everything was put in the same package and they said: The others got into debt—you, to a lesser degree—but you will pay part of Ontario's debts in agreeing to the Union Act.

When confederation became effective, the debts of Ontario, New Brunswick and Nova Scotia were all lumped together, and Quebec was forced to assume part of it; thus Ottawa started in 1867 with a $93,046,502 debt, and Quebec was forced to assume its share, even though this came from the other three provinces. Then the debt remained at a rather steady level until 1913, that is for a period of 46 years. In 1913, it rose from $93 million to $483 million. In 1914, war was declared and when it was over in 1920, the debt had increased eightfold and stood at $3,041 million. Then for 19 years the debt remained stable, barely increasing; it went up from $3,041 to $3,710 million. And yet Canada was going through a period of economic crisis, of unemployment, of dole, of misery. In spite of all that, the debt did not go up. It increased eightfold in six years during the first world war but during the 19 years between the two wars, including seven years of depression, it stayed practically the same.

But from 1939 to 1945, another war was fought and the debt increased again considerably; it increased sixfold, from $3,700 to $18,959 million in wartime. Out of this amount, several billions of dollars were given, not loaned, to England. I have often heard the hon. member for Villeneuve say that $7 billion were given to England during the war. And thus our debt went up from $3,710 to $18,959 million.

Since the war, there has been another period of peace, 20 or 22 years have gone by and this debt has remained practically stable, for it has increased from $18,959,000,000—as shown in the *Statistical Yearbook* for 1948-49—to $19,940,000,000, which is an increase of less than one billion in 22 years. The figure $19,940,000,000 is taken from the latest speech of the Minister of Finance (Mr. Sharp) and may be found on page 195 of the official report for June 1, 1967.

Our debt, Mr. Speaker, was first made up of the debts of the other provinces which we assumed at the time of confederation in 1867, to which were simply added the expenses of the last four wars—the war waged by the British in South Africa, the 1914-18 war, the 1939-45 war, and the Korean war.

Therefore, Mr. Speaker, our debt stands at $19,940 million and this year, we shall have to pay $1,274 million in interest only. The people of Quebec are paying 30 per cent of that amount. In 1942, at the time of the famous referendum on conscription, Quebec voted against it in a proportion of 90 per cent. And when Camilien Houde, then mayor of Montreal, objected, he was thrown in prison, without any trial or investigation. In the event of another war, the people of Quebec will have to accept it, whether they like it or not.

Even if the hon. member for Villeneuve is returned to the house and holds the balance of power with 50 members from Quebec, if we are led into the Viet Nam war, his power will be useless, since the 190 members from the other provinces will again side with England and the United States, which will add to our debt, even against the wishes and the aspirations of Quebec.

And if the member for Villeneuve raises strong protests, then he will have the same fate as Camilien Houde, he will be prosecuted and imprisoned. The balance of power will completely disappear before the majority of 190 members from the nine other provinces.

And on our present debt which we never wanted to incur, we are paying 30 per cent of the interests which amounted this year to $1,274 million, according to the figures quoted in the budget this year. A sum of $1,274 million and 30 per cent of that amount is paid each year by Quebeckers on a debt which they did not want to incur and which has never been of any use to them.

Now, what do the Quebeckers expect from the arms race or defence? We are a peace-loving people who would solve the world problems not with bombs and cannons but by feeding the hungry. That is the way we hope to co-operate in international operations.

But because we are a minority, every year the colossal national defence budget is imposed upon us and we have nothing to say about it: defence production, $38 million; national defence department, $1,688 million, a total of $1,726 million.

Just this year, we will be buying $26 million worth of bombs. What will Canada be doing with those bombs? On whose heads are those $26 million worth of bombs going to be thrown?

Yet, because we are a minority, because the taxes of the provinces are in the majority, we are forced to contribute through our taxes to such astronomical expenditures in the field of defence. If the two amounts for national defence and interest on the debt are added, we get the figure of three billion and some odd hundred thousand dollars a year. Therefore, our 30 per cent share, as we pay 30 per cent of the taxes levied by Ottawa, amounts to $900 million a year. That is what Quebec pays: $900 million a year. An independent Quebec would no longer have to face such extravagant expenditures, which we do not approve. We Quebeckers would then save a choice been made as to their destination? $900 million a year. Yes, mind you, $900 million a year.

Mr. Daniel Johnson, the premier of Quebec, tells us: Quebec has to borrow over $450 million each year. As the Quebec minister of industry says that investments in Quebec, in a given year, reach some $550 million, this means that Quebec gets 1 billion dollars, that is $450 million in foreign loans and $550 million in foreign investments.

If we could just save the fabulous sums of money being spent for defence and the interest on our debt, that would be equivalent, for Quebec only, to the share we are paying for that. Out of a total of $3 billion, our share amounts to $900 million. This would almost be sufficient, without changing anything else to enable us to become really independent from the economic point of view; that is if we, from Quebec, were politically independent and if we could decide once and for all, to stop giving away the money from our taxes to pay the astronomical amounts required by defence and by the interest on the national debt. Thus, there would be a saving of $900 million.

• (4:40 p.m.)

The other night, I heard the hon. member for Villeneuve say on TV: I am not independent if I am compelled to borrow money from the United States, I am dependent! That is a fact. We are compelled to borrow money from the United States, precisely because we have to pay the interest on the national debt, we have to buy bombs, submarines, munitions, we have to pay in connection with national defence the cost of armaments that will never be used. This is why we are economically dependent on a foreign power, and if we have an independent Quebec, we will put an end to such useless expenditures and, thus, win our economic independence.

No political independence without economic independence, that is true, but I also say: No economic independence without political independence. As long as Quebeckers are not free and are not able to decide on the purpose of their expenditures and their taxes, Ottawa will keep on spending as it does today, disregarding our views, and we shall remain economically dependent.

That is why I say that it is Ottawa's fault, as a result of its national budget, if today we are economically dependent, and if we get rid of that control by Ottawa, we shall become independent not only in the political sense but also economically.

I admit that Quebeckers are not longing for constitutional changes, that they want to settle their economic problems; that is true. But we shall not be able to settle them as long as Ottawa controls the main decisions to be taken in the economic field and as long as it uses that control to impose upon us the kind of expenditures which we do not want.

Well, Mr. Speaker, that is why I say that the fault lies with Ottawa that we are at present in a constant state of dependence economically.

Confederation has been in existence for one hundred years. It is one hundred years since we are working, developing a little our natural resources, building industries, trying to train qualified people in Quebec; nevertheless, after one hundred years we are being told that Quebeckers need foreign investments since they have no savings, they have no means to develop their resources. The reason why we have nothing, why we have no savings is that they have been channelled to Ottawa and Ottawa has used them not to develop our own economy but for purposes such as I specifically mentioned a while ago and which are of no interest to us, are not at all in the interest of the population, and are even against its interests.

For some time, many proposals have been brought forward—

[*English*]

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

Mr. Robert C. Coates (Cumberland): Mr. Speaker, in entering this debate I feel certain there are many valid criticisms to be made about the economic policies of the present administration. However none is more devastating than the criticism of the lack of economic policy in so far as the Atlantic provinces are concerned. By the time I have finished putting on the record some pertinent statistics relating to the economy of the Atlantic provinces there will be no member in this chamber who could disagree with me.

I also feel certain there are many hon. members who have come to the conclusion that members from the Atlantic provinces are almost chronic complainers; but I submit, Mr. Speaker, that the statistics put out by the Atlantic provinces economic council—and I may mention that this is a non-partisan council which has no association with any political party—will verify beyond shadow of a doubt that the economy of the Atlantic provinces has not received the kind of attention from this government that one would expect, if that region is to remain a strong and healthy part of this Canada of ours.

In this connection I refer to the July 1967 Atlantic report. Let me draw the attention of hon. members to some of the basic factors that one must consider when making a determination of the strength of the economy of a given area of this nation. First of all I should like to refer to personal incomes for the year 1966. In that year the people in the Atlantic provinces as a group had a personal income that was only 69.4 per cent of the national average—not a very flattering figure. What is even more alarming is that in 1961 the figure for the Atlantic provinces was 69 per cent of the national average; in other words, in five years personal incomes increased by only .4 per cent.

The picture is even worse, Mr. Speaker, when we look at the figures relating to Ontario, where we discover that the difference in per capita income between that province and the Atlantic provinces is 44.5 per cent. Surely it is next to impossible to expect the Atlantic provinces to survive as a basic part of this nation unless some sort of over-all policy is introduced to upgrade the income average of this particular area.

This is only one of many alarming statistics relating to the Atlantic provinces. For example, Mr. Speaker, may I point out at the same time that while the over-all per capita income of the people in the Atlantic provinces in 1966 was 69.4 per cent of the national average, in Newfoundland it was only 61.7 per cent and in Prince Edward Island it was only 64.8 per cent, which is below the average for the Atlantic provinces.

We are also facing a growing problem that should be of the utmost concern to this government but which seems to be of no concern to them, certainly if policy is any indication of concern. I refer to the exodus of people from our area. For many years we in the Atlantic provinces considered the present President of the Privy Council (Mr. Gordon) the real bogeyman as far as the Liberal government was concerned. We called him one-way Gordon because he was the man to provide one-way tickets out of the region. He has been replaced by the whole Pearson administration and they are moving our people out as fast as they can, in the hope that they can eliminate our population. That is the policy of the present administration, and is the sole policy offered to cure our economic ills.

• (4:50 p.m.)

Let us look at statistics. The views I present are not my own but are those of the Atlantic provinces economic council. That body reports that between 1961 and 1966 more than 100,000 people, roughly 20,000 per year, migrated from the Atlantic provinces. This is the highest level of out migration that has ever been recorded for any five year period in the Atlantic provinces. Clearly, out migration from the region has reached alarming proportions. If that trend continues the Atlantic provinces will have lost 200,000 people by 1971, or 10 per cent of the 1961 population. Moreover, limited studies of this area show that the younger and more dynamic element, those who are best fitted to make a positive contribution to the region, are leaving in search of better opportunities elsewhere. I can think of nothing that ought to concern the government more than a statement to that effect by a non-political, non-partisan economic body.

What is the result? Recently this government permitted the implementation of a new transport rate that is bound to cripple Atlantic provinces industries. This is the yardstick of the government's concern for our people. The people of the Atlantic provinces are concerned about a government that seems to go from crisis to crisis and seems to think that a crisis is commonplace. The Minister of Finance (Mr. Sharp) tells us that unless business and labour show restraint, the government's policy will be one of creating unemployment in Canada. His words, as reported on page 2809 of *Hansard*, are as follows:

> I feel that we must—and we will—find some way to bring this inflationary movement under control even, if necessary, by letting the economy develop a little more slack for a year or two while price and cost increases taper off.

I ask the Minister of Finance, how much slack does he want in the Atlantic provinces? How hot is the economy of the Atlantic provinces, that it needs to be cooled off. The report of the Atlantic provinces economic council says this on the first page:

> With the absence of any degree of growth in the total labour force the unemployment rate rose slightly from 9.3 per cent last year to 9.6 this year (double the national rates of 4.4 and 4.9 per cent respectively).

How much more unemployment must we take because of the fumbling and bumbling of this government? I am sure the people of the Atlantic provinces wish to know that.

The report shows that at 12 per cent Newfoundland's rate of unemployment was the highest in the region. How much more slack do we need in Newfoundland? That province was followed by New Brunswick with 10.3 per cent, Prince Edward Island with 8.8 per cent and Nova Scotia with 7.8 per cent. Surely no government with any humanity would deliberately espouse policies that will create greater hardship for the Atlantic provinces than the figures I have quoted show must already exist. Nevertheless the Minister of Finance has said that his policy will be one of unemployment for the people of Canada, unless they show restraint. What example of that restraint did he show? In times of boom—and certainly the Atlantic provinces show no signs of boom—he says we are to have a deficit of $750 million.

Mr. Sharp: May I ask the hon. gentleman a question? Is he quoting from something that I said or is he making up something of his own. I have not said anything about a boom.

Mr. Coates: The minister talked about cooling off the country.

Mr. Sharp: The hon. member has misquoted me.

Mr. Coates: The minister may say that I am misquoting him.

Mr. Sharp: I did say that.

Mr. Coates: When the minister talked about slackening the economy he talked about a hot economy.

Mr. Sharp: I did not say that.

Mr. Coates: The minister says that he did not say that.

Mr. Sharp: If the hon. member will read my words he will see that they speak for themselves.

Mr. Coates: I wish to tell the minister this: I will make my own speech and I shall put my own interpretation on his words.

Mr. Sharp: Fine, so long as the interpretation is the hon. member's.

Mr. Coates: That is how it will be.

Mr. Sharp: I hope it is understood that the interpretation is the hon. member's.

Mr. Coates: Well—

Mr. Bell (Carleton): That is the correct interpretation.

Mr. Coates: It is wonderful to see the minister showing a little concern about what is being said.

Mr. Monteith: The subject must have touched him.

Mr. Coates: It must have touched him close to his heart. We know how close to his heart are those he throws out of work. If he implements a policy of unemployment the subject will not be as close to his heart as it will be to the hearts of the people of Canada. They will throw him out, with his government, and they will do that today or at any time in the future.

Mr. Deputy Speaker: May I interrupt the hon. member. It being five o'clock the house will proceed to consideration of private members' business.

Mr. Monteith: Mr. Speaker, I had been given to understand that there was an agreement to continue the debate until six o'clock.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Does the house agree to suspend private members hour?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The hon. member for Cumberland.

Mr. Coates: In the interim, I found these remarks of the minister as reported on page 2807 of *Hansard*. In case he has forgotten, he said this:

> We have had now a continuing upward trend in the economy over more than six years and there is no suggestion whatever of any downward turn in the future.

If that is not an indication by the minister that we are close to a boom, then I do not know what interpretation to place on those words.

Mr. Sharp: No, it is not a boom.

Mr. Coates: The minister says that it is not a boom. I say to him, go to the Atlantic provinces and, sure as the devil, he will find that it is not a boom. The conditions down there do not even come close to being a boom. We have not been helped by this government's policies. It is about time we had action from the government.

Mr. Sharp: There has been an enormous improvement in the last few years.

[Mr. Bell (Carleton).]

• (5:00 p.m.)

Mr. Coates: The minister also talks about restraint. He came in the other day and told us a wonderful fairytale about the way in which he had slashed the estimates of the various departments. For this year?—not on your life. He had butchered the estimates for next year. Has anyone in this chamber seen those estimates? No, Mr. Speaker. This is just something he has done in his office, or in treasury board. I like Mr. John Meyer's account of the Minister of Finance slashing away at these estimates, as we read it in the October 6 edition of the *Chronicle-Herald*. Mr. Meyer says this:

> The Treasury Board has trimmed $650 million from the requests for funds in the next fiscal year by departments and agencies. Mr. Sharp won't say where these reductions are being made. He does say there will be more of them.
>
> It's encouraging to be told the government recognizes the need for restraint. Still, one is left with the same sense of unreality that must possess the husband whose wife tells him she has saved $100 by not buying a new dress—and asks for the money instead.

This is a good description of the way in which $650 million has disappeared from estimates we have never seen. The yardstick by which to gauge the degree of restraint exercised by this government should surely be a comparison between the spending this year and the next year's estimates. If the government intends to show restraint it ought to bring in estimates indicating a degree of self-discipline which has not been forthcoming any time from this administration so far, although hon. gentlemen opposite were well aware of the difficulties facing the country in a monetary sense.

I should like now to return to the subject of the Atlantic provinces. We were hopeful that a comprehensible policy would be forthcoming to give us grounds for optimism in the future. But there has been nothing to encourage such hopefulness. I should therefore like to make a suggestion to the government, one which, though containing some drawbacks from my own point of view, seems to represent the only kind of positive approach which can be expected at this time if we are to find lasting solutions which will be of over-all benefit to the region.

At one time I had hoped that the Atlantic Development Board would produce a comprehensive program for the Atlantic provinces, and that it would inject into the region the kind of capital needed to provide Canadians who live there with the same opportunities as are available to Canadians living in other

parts of the country. However, this government relegated the Atlantic Development Board to the role of gap filler, and while the board has been effective within its limited scope it can no longer be regarded as a body capable of doing the job I had envisaged for it when it was established.

In these circumstances I should now like to see a special committee of the Senate set up to make a comprehensive study of the Atlantic region—a study similar to that carried out by the other house in connection with land use and aging. It is true that specific studies have been made in relation to coal and transportation, but I believe the time has come for an examination which would include all aspects of the economic life of the region. Coal and steel certainly form an integral part of the economic environment of the area, but these industries must be considered in conjunction, for example, with transportation, including port activities, vis-à-vis icebreaking on the St. Lawrence.

The agriculture industry in the Atlantic provinces is anything but prosperous. In the tourist industry, in fishing, in lumbering, the picture is the same. I believe the hon. Senators in the other place can carry out the kind of function I have suggested, and that a committee of the Senate would have an appreciation of the historical background of the Atlantic provinces as well as an understanding of what we should be trying to achieve. Such a committee would be much better than a royal commission. In my opinion we do not take sufficient advantage of what can be done by the other place. There are some tremendously capable and able men sitting in that chamber—men who have given us the basis for the kind of legislation which has been passed here in recent years in connection with land use and in connection with aging. I think they could do the job which is required of them. We should not waste even a day in having the committee set up, getting this work started and marshalling statistics such as those I have put on record in *Hansard* this afternoon.

I say this because no Canadian, no matter how prosperous he may be today, can feel happy or contented when he realizes the amount of hardship and suffering which exists in the Atlantic provinces. And no Canadian can feel that a government is fulfilling its obligations when it allows conditions such as these to persist. Let us start as quickly as we can and finish a job which has been with us for a hundred years.

• (5:10 p.m.)

Now, dealing with another subject, one which I have read about in the newspapers, I wish to say that as a Canadian nothing makes me angrier than to read of people who have stood in line for hours and hours, in the rain and cold, waiting admission to one of the Expo exhibits, only to have some V.I.P. force them to stay in line even longer. So far as I am concerned there is no justifiable reason for this. I do not think for one minute that this necessarily occurs at the request of a V.I.P. All too often it is due to some overzealous administrator.

Since the taxpayers of Canada have been responsible for achieving this wonderful thing called Expo, I believe that when they visit it they should not be held up by anybody. If administrators wish to cater to a V.I.P. then let them select an hour when the V.I.P.'s visit is not going to disturb people who have been standing in line for hours and hours. I do not like this, and I am sure most Canadians do not like it. I am sorry that during the last big week end of Expo administrators did not find another way of handling the problem.

I do not anticipate that there will be many more visits by V.I.P's to Expo, but that does not mean we should let the matter go and say nothing about it. I hope there will be no recurrence of this, and that when people go to Expo they will gain entry to the exhibits as quickly as possible, having waited in line to do so, without being upset by some V.I.P.

Mr. Max Saltsman (Waterloo South): Mr. Speaker, I regret that the Minister of Finance (Mr. Sharp) is not in the chamber. I had hoped he would be present to listen to some of my remarks about this budget, but no doubt he will read in *Hansard* what I have to say.

I should like to start by paying the minister the compliment of at least being clear. His is not the kind of clarity that says anything, but it certainly is a clarity that demonstrates, perhaps inadvertently, the reason for the government's failure to solve the country's problems. Some people may still believe we have a government. They come into the House of Commons and see government benches occupied, and so are under the impression that the country is being governed. But when they read the statement on the budget made by the Minister of Finance their disillusionment should be complete. The government has abdicated its responsibilities, and throughout

the minister's speech defeatism rings out loudly and clearly.

I wish to refer back to some of the words used by the minister in his speech, as recorded in *Hansard* of October 2, at page 2730:

> A country like Canada, with the most rapidly growing labour force in the world, is bound to have a housing problem.

I would suggest that a country like Canada, that wishes to manage its economy, is not bound to have a housing problem; is not bound to have anything it does not wish to have. If it has a government that is willing to take an interest, that is willing in a positive way to enter into the economic activity of the country, then it is not bound to have a housing problem. But as long as the government abdicates its responsibility the country will experience a continuing shortage of houses for people who require them.

In his speech the minister made another assumption when he said:

> The first problem we have to deal with, if we are going to face up to the housing problem adequately and not in a partisan fashion, looking at the realities of the situation, is the shortage of capital or I might say, if you want to put it another way, the shortage of savings.

This is what the minister said, in spite of the fact that Canada has the highest rate of savings of any modern country, certainly of any country in the western world. The minister talked about a shortage of savings when he should have been talking about a misdirection, a misallocation of savings, and a wrong priority by the government as to how the savings of the Canadian people should be used. I think the minister will go down in history as the master of unfounded hypotheses, especially if his speeches as recorded in *Hansard* are examined.

When the minister stands up with that great assurance and aplomb that he commands in the house, he makes his words sound almost credible. But we have to read them in print, without his personality surrounding them, in order to get the complete and true significance of what he is saying. What emerges then is nonsense. What emerges is an indication of his refusal to use the instrument of government, as his government was elected to do on behalf of the people.

The minister has thrown up his hands in failure. He has been beaten by the marketplace. When the marketplace makes a decision the minister, with all the great resources at his command, finds he cannot go against the marketplace. If that is the case I do not know why we need this government, at all. We might as well turn everything back to the marketplace, if that is going to be the attitude, and at least save ourselves some money. I assume the Canadian people elected a government to manage their affairs, but this does not seem to have met with the approval of the Minister of Finance.

Obviously there are things in the economy that we cannot always influence. I do not think we can blame the minister if the weather goes bad and we have a crop failure, or if international conditions beyond our control influence our economy. But having said that, let me emphasize that the vast majority of economic decisions that have to be made come under the influence of the Minister of Finance.

It is time that we in this country realized there is only one sovereignty, the sovereignty of the people as expressed through their parliament. It is not the market place that is sovereign, it is parliament acting on behalf of the people of Canada.

The question of sovereignty is of the greatest importance in this debate, because the minister apparently believes it is the market place that is sovereign and not the government of Canada. It is important in a number of ways, and although I am not prone to quote the Minister of Trade and Commerce (Mr. Winters) on my behalf, I would like to quote one statement of his which has a great deal of merit and expresses fairly clearly the idea of sovereignty.

Dealing with the question of foreign ownership, in the *Financial Post* of July 15, 1967, the Minister of Trade and Commerce was reported as saying:

> Whether or not it is used wisely in the economic program of the nation depends upon the extent to which the government defines the rules of the game.
>
> In the final analysis it does not matter who owns the capital. It is the use to which it is put that counts, and this is a field in which the government can be the determining influence.

However, we have the President of the Privy Council (Mr. Gordon) who disagrees with the Minister of Trade and Commerce—and I think for very good reasons. While it is true that the economic sovereignty rests with the government, the President of the Privy Council knows that his party will not exercise that sovereignty and therefore seeks to change the direction of ownership in this country as an indirect way of attempting some control over our destiny. He hopes that Canadian owners will be more concerned

about the future of the country than will foreign owners. I do not think there is any evidence to support him on that, but he at least must be given credit for attempting it. The misguidedness of his attempt stems from the lack of faith in his own party.

• (5:20 p.m.)

In this latter half of the twentieth century the fact of political sovereignty is becoming more and more apparent. There really is no more economic power. Now that we have a democratic system which has provided political parties through which the people can express their points of view, and which give them reasonable alternatives, it is quite possible for the government they elect to determine their economic destiny. Their destiny need not be left to the marketplace. There is no such thing as business, either domestic or foreign, saying to the Canadian government which represents the Canadian people that business will not act in the national interest. It is completely within the power of the government to ensure that it does.

I should like to make one thing clear. The marketplace and the free enterprise system can be very useful instruments for determining efficiency; they can be very helpful in respect of many of the every-day decisions which must be made. I do not look forward to such a massive intervention in our economy that we would find government in every phase of our activity. This is not necessary. What is necessary, however, is that in those areas where the free enterprise system does provide useful opportunities in this country there is a responsibility upon the government to see that it works properly. I would suggest to the government that, despite its so-called adherence to the free enterprise system, the market is not working to the benefit of the Canadian people. It could be working a great deal better.

There is one aspect of our lives which cannot be left to the marketplace, and that is the determination of values and priorities in our society. Whatever the value of the marketplace may be, it certainly cannot be the ultimate arbiter of what is important or valuable to our civilization. This must be the role of political sovereignty. I should like to quote another Liberal—and I am sorry the Minister of Finance (Mr. Sharp) does not pay a little more attention to some of the more progressive elements in the Liberal party. I quote from the Montreal *Star* of June 10, 1967, where Mr. Kierans is reported as saying this:

> Canada should assert the supremacy of politics over property as Aristotle defined the over-riding interest of the "public". For the past 200 years, Canada was "traumatized" by the outmoded thesis of Adam Smith and Karl Marx that property was supreme.
>
> We had two choices, he said: First to estimate our productivity and then define our social aims; or second, to define our social aims, such as medicare, and "then fight like hell to establish the productivity."

I hope that this message will not be lost on the minister when the question of implementation of medicare arises. Mr. Kierans clearly indicates that he prefers the second method, and goes on to say:

> Once we establish by public policy that the public interest is supreme money becomes something to control like anything else.

There is a real dilemma facing the minister. He says we have no money for housing and yet, as has been indicated by the Economic Council, we have the highest level of savings. I would suggest that it is not a matter of the lack of money or the absence of savings, but rather the absence of priorities in respect of how that money should be used. It is time that this government established some priority for the savings of Canadians. In Canada we have the highest capital investment per worker, and yet our productivity is 25 per cent to 30 per cent lower than that of other countries with less capital investment.

This is not a new problem although the Economic Council stressed it very strongly. It is one of the central points the council made. This has been said for years. We could go back to 1957 when this was stated by the Royal commission on Canada's economic prospects. It was stated that the problem of productivity in the Canadian economy was bad, and needed correction. It was also pointed out that we were suffering from badly organized and poorly specialized industries which could not compete in the way they should. In this ten year period nothing has been done to increase productivity.

I might qualify that. I see a few heads are raised, including that of the Minister of Industry (Mr. Drury). One thing was done: We had the Canada-United States auto agreement. It was absolutely wrong to enter into this agreement. Again, it was an evasion of responsibility. It has worked in a fashion; I will not argue about this because the facts are available. What should not have been done in order to find a solution was to integrate our economy with that of the United States and reduce for all time the possibility of our taking independent action regarding one sector of our industry.

Perhaps the Minister of Industry had no alternative in respect of that particular industry, but I would deplore seeing many more of our industries integrated in that particular fashion. There are alternatives, but those alternatives require positive and strong action on the part of our government. We have inflation with unemployment. The Minister of Finance feels that he may have to increase unemployment in order to cure inflation. Surely he can come up with a better answer than that. Surely this is not the only way to take care of the problem of inflation.

Mr. Sharp: May I ask the hon. gentleman a question. I take it he admits that the socialistic policies of the British government have failed, and yet he seems to be advocating them for Canada.

Mr. Saltsman: I was not aware that there is a socialist government in Great Britain.

Mr. Roxburgh: Oh, come now.

Mr. Sharp: It is not Conservative at any rate.

Mr. Saltsman: I do not wish to take up the time of the house in an argument as to what kind of government Great Britain has. However, the minister well knows that the problems of Great Britain are completely different from the problems of Canada. If he felt that he should inject a note of humour, that is fine; but surely he certainly is not serious in trying to suggest there is any analogy between the economy of this country and the economy of Great Britain.

Mr. Sharp: But I thought my hon. friend was a follower of the philosophy being practised in Great Britain?

Mr. Saltsman: We have in this country, as everyone agrees, the highest growth potential of any country in the world. We have raw materials beyond anyone's expectation; we have wealth beyond calculation. There is no country in the world which has the wealth in agriculture, minerals and human resources that we have in this country. There is no other country in the world that is as self-reliant as Canada could be, or as independent of the whims and changes in the international markets. If we are dependent to some extent today, it is because this government has burdened us with this dependency. There is some conventional wisdom which must be examined. It is the assumption that we must export, export, and then export again.

[Mr. Saltsman.]

• (5:30 p.m.)

Let me suggest to the minister and the Minister of Industry—and I am glad to see him in the house today—that the effect of exporting raw materials from this country has resulted in a lack of secondary manufacturing industries we might have developed ourselves. This has turned us into a nation of exporters of raw materials at relatively low profit rather than a great nation of secondary manufacturers. This error on the part of the government has done a disservice to Canadians. This is the kind of conventional wisdom that should be examined.

Many of our exports consist of raw materials, and in many cases tremendous advantage is gained through exportation. The exportation of wheat has been a great boon to this country, as has the export of lumber. These are renewable resources. However, when we export resources such as nickel, only to find that the costs of exploration are increasing, this is not in the best interest of the country. Canada is known throughout the world for its production of nickel, yet Canadian manufacturers cannot get enough nickel to fulfil their own requirements. Let me read from an article which appeared in the *Globe and Mail* on March 3, 1967.

> Because of government encouragement to seek export orders, Zenith has spent considerable money developing new products for U.S. sales.

This was a quotation from Mr. Laws, president of Zenith. The article then continues the quotation as follows:

> Mr. Laws said he is faced with a shortage of nickel. "I don't think we should be on a quota at all."
>
> Mr. Laws said the national economy would be better served by the export of finished products, rather than shipping out large quantities of raw nickel.

I believe he is right. Certainly there is no excuse for not satisfying the domestic market before exporting raw materials. This is not the first time this has occurred. It has occurred on other occasions which resulted in the shortage of copper and other minerals. We have been terribly concerned about satisfying export markets and not concerned enough with building up secondary industry.

It was interesting to read the minister's remarks of October 4 as recorded at page 2808 of *Hansard*, when he said:

> We have never encountered anything like this before, nor has any other country. We are moving out now on to unexplored territory.

I am surprised the minister has such a short memory. It is my understanding that he

was an outstanding civil servant during that difficult wartime period which posed infinitely greater stress upon this nation than the present situation.

Mr. Sharp: We are not at war.

Mr. Saltsman: We are at war, and you should realise that fact. We have a war that must be fought against poverty. Many people need houses. Many young couples are being thrown out of apartment buildings because they have two or more children and landlords do not like to have children around. This may not appear to be a war to the minister, but it certainly is a war so far as those people who are struggling to maintain some sort of decent standard of living are concerned. I suggest that the minister take a very serious look at their plight instead of just saying that this is not a time of war. If we can muster our intelligence, resources and courage in order to devastate things, surely we can find some ingenuity to fight these problems of poverty.

The minister has said that solutions to our problems would not be easy to find. We must move away from reliance on past economic policies. We cannot continue to believe that if we wait things will adjust themselves. We have passed that point. Once we have committed ourselves to a full employment policy—and I do not see how any government could fail to follow such a policy—we must then go on further. We cannot turn the clock back to times of unemployment. We must talk about how to maintain prosperity and how to prevent inflation with full employment. In order to do this the government must bring in some measure of control over the economy.

There is no invisible hand to guide the destiny of the people. There are hands but they are not invisible—they are the hands of everyone looking toward his own interests. This may not be in the best interests of the people of this country, but it is the situation. There is no longer a question as to whether we are going to plan or not plan. The question now is, who is going to do the planning for us, the large corporations or the government. Are these large corporations to determine our economic future? I do not ask that question with any malevolence, but I feel that our economic future should be determined by the sovereign government elected by the people of this country. Does this government intend to sit here and suggest that it cannot interfere in these delicate matters, and that the invisible hands will straighten things out?

In closing let me suggest that we cannot continue in the manner we have followed up to this time. We cannot rely on automatic forces to take care of things. The government is going to have to offer some direction and plan in order to maintain full employment in this country and the standard of living that is necessary. I suggest that we will need a prices review board, selected price controls, restructuring of our industry and a changing emphasis from primary to secondary manufacturing. The government must maintain more control on our economy and import replacement. There must be a lessening of our dependence on United States markets in order that we may determine our own values with less inhibition. In this way the Prime Minister (Mr. Pearson) will not have to say we can do nothing about foreign policy because 60 per cent of our exports go to the United States. That is not the way to determine foreign policy, and certainly not the right way to run a country.

We must implement the Carter Commission recommendations as soon as possible in order to have a better allocation of resources, instead of backtracking at the first sign of pressure. We must make available to all our manufacturers those raw materials which are indigenous to this country. Their needs must be satisfied first. Above all, we need an investment policy because the market can no longer determine the allocation of investment. It is this government, or any other government that wishes to accept responsibility, which must determine the social priorities and investment priorities of this nation. Above all, there must be a clear expression on the part of this government, elected by the people, that it will use the authority of government on behalf of those who sent them here and entrusted them with the direction of this country's future.

• (5:40 p.m.)

[*Translation*]

Mr. Fernand-E. Leblanc (Laurier): Mr. Speaker, on reverting to the budget debate, the Minister of Finance (Mr. Sharp) launched a distress call, an SOS to the provincial and municipal governments, to industry, to labour unions, to all and sundry asking for a priority effort to stop the spiral of inflation.

More and more, our country is menaced by this danger and the fight started almost a year ago by our government, must now be

intensified. It is impossible for a central government to regulate prices, costs and salaries without the co-operation of every level of government, of the whole community, of every citizen.

Everyone must realize that this fight is urgent and must take care that the government is not compelled to take drastic steps in order to check the purchasing power and to decrease production and profits. This could be brought about by means of a special and temporary tax which would have the result of warding off a disastrous situation for the entire country.

Mr. Speaker, in answer to the request of the Minister of Finance, intermediate bodies have started to submit their views on the report of the Carter royal commission.

The Carter royal commission is probably the most important commission called upon to report since confederation, that is, in a hundred years, in order to determine the existing or desirable standard of living in Canada. I have the greatest respect and admiration for the competence and the merits of its members.

Even though the commission did a good job, a tremendous job, the government must consider carefully all its recommendations before accepting or rejecting them.

However, I regret that the commission submitted its report in such a dictatorial way, warning that it must be accepted in toto or rejected in toto. That report has been and will again be very controversial throughout Canada, and I do not think it is democratic to force the parties concerned to accept or reject in bulk without further ado.

Economists, accountants, lawyers and all the others concerned with this problem do not seem to agree on the doctrinal and very theorical arguments set forth in the report, which advocates extreme changes, a complete fiscal revolution and an entirely new philosophy.

The assessment of the proposals about the national economy is so speculative and so unreliable that it seems improper and unthinkable that the government should accept that report in toto. According to that report, our present fiscal system as a whole is basically unsound judging from the sweeping structural changes it recommends.

Its criticism is very harsh, but I am not fully convinced that our present system is absolutely and entirely bad and that it must be scrapped.

[Mr. Leblanc (Laurier).]

Mr. Carter and his colleagues attempted to reject the past, that is to say all that is found now in the taxation field. They studied the problem as if it were necessary to start from scratch and, in my opinion, that underlines both the wisdom and the weakness of some recommendations.

Of course, our system is not perfect. It has often been patched up rather than revised according to an over-all plan. Needless to say, I am in favour, as all the members are, of lower taxes for the small wage-earner so that he might meet his basic requirements.

At the present time, those who earn less than $5,000 pay too much tax, compared to the other taxpayers, and the Minister of Finance should make the required adjustment.

Still, the whole burden should not be placed on the shoulders of those citizens who earn from $5,000 to $10,000, thereby creating another injustice while wanting to remedy the first error. In this regard, I have no concrete solution to offer, because the members unfortunately do not have at their disposal a staff of experts and researchers.

However, I am pleased to propose that the small wage-earner should have some relief and I urge the Minister of Finance to study the possibility of spreading out his taxes amongst other taxpayers whose income might justify higher taxes.

Mr. Speaker, I must speak up against one of the recommendations of the Carter commission. I have already done so in the house, on April 21, 1966, at which time I spoke on the same recommendation as made by the Bélanger commission on the fiscal system in Quebec that the government should tax capital gains.

At the present time, in Canada and in Quebec, the citizen who has invested his savings in personal property or real estate the value of which increases over a certain period of time, pays no tax on this capital gain when he sells them.

If the recommendation of the commission were accepted by the government, that tax would be imposed on this appraisal of capital. Under the present system, a gain realized on assets which are considered as an investment is regarded as capital and is therefore not taxable. But if a gain realized on assets comes from some business activity, it is regarded as income and is therefore taxable.

One of the disastrous effects of taxation on capital gain would occur at the time of death when the increase in value of the assets of the deceased, compared with its original cost,

would be subject to an additional estates tax. That is, in my opinion, a sure way, sooner or later, to liquidate our family businesses, thereby promoting the control of foreign capital over the business of our country.

It seems inconsistent to suggest such a tax, since Canada is not ready to pass that kind of legislation. It would be contrary to common sense to tax directly the people who are prepared to risk some capital in Canadian business while our country is still in the first stages of its economic development. I fail to see how we can attract capital by imposing a tax on capital gain.

I do not agree with the commission, which believes this tax to be equitable and necessary. In a democracy, all citizens are equal in the eyes of the law, and all have an equal chance to develop their talents. This does not mean that all are equally gifted, that knowledge and experience are not worth more than ignorance and lack of experience, nor that the judgement of any one person is better than that of the rest, or that all opinions are equally good. The possession of material wealth is like the possession of talent. It varies from one individual to the next, and in my opinion it would be unfair to penalize the richer man. Instead, we should try to redistribute wealth in the best interests of the whole population.

• (5:50 p.m.)

An almost wild territory could not ensure the development of its natural resources without large investments involving of course great risks. In this connection, I refer the house to the statistics which show that there are more business failures per capita in Canada than elsewhere.

It should not be overlooked that Canada must gather investment capital, especially in this century, and that such legislation could scare away the capital needed to develop our resources. It is beyond understanding that a country as greatly and urgently in need of capital as ours would accept a capital gains tax.

If we wish to stop the influx of Canadian or foreign capital, and to discontinue and suspend the fantastic development of our economy, we have only to levy a capital gains tax.

Canada is not ready yet to assume such a tax burden, as it still needs the massive influx of foreign capital to insure its development and to create new employment opportunities, of which Canadians are in urgent need.

There is no doubt that the effect of a capital gains tax would be to restrict the free flow of capital and, especially, to reduce the amounts available to initiate or expand high risk developments. It would also discourage sound savings, keep away investments of capital so important for our development and prompt our own investors to transfer their assets to more friendly lands especially at a time where we are unfortunately experiencing a serious brain drain for the benefit of more attractive economic climates.

In other countries where the economy is sufficiently mature and productive to support that burden, such tax is in force and can be levied. The principles brought forward by the Carter commission might apply later on when the country has an adequate population and has reached adulthood with a parallel economic development.

It is true that the United States and Great Britain levy such a tax. In this connection, however, I should like to quote Mr. Henry C. Wallick, professor of economics at Yale University and former assistant to the American secretary to the treasury, who speaks about the harmful eflect of that tax as follows:

[*English*]

A capital gains tax affects the supply of saving much more severely than would a true income tax of identical yield...A capital gains tax not being a tax upon what can properly be considered income, is paid very largely out of savings, or out of capital which amounts to the same thing... the principal adverse effect... is that on saving. The tax absorbs a not insignificant part of the annual supply of saving. For an economy trying to maximize its rate of growth, almost any other method of raising revenue would have less counter-productive effects—

[*Translation*]

Do not forget that if we tax capital gains, capital losses will obviously have to be allowed as a deduction. What would be the net revenue from this tax, and is it really worthwhile? If the results of inflation are taken into account when assessing capital gains, I doubt that the actual capital gains would be as high as the Carter commission hopes. And how can we justly impose a tax on inflated values?

Let us not forget that the possibility of deducting a capital loss from other revenues is not as strong an incentive as the possibility of retaining an increase which all Canadians seek.

The government must not tax the favourable outcome of risk but, on the contrary, encourage risk investments and broaden the

income tax legislation in that respect. There should be incentives for capital gains and not penalties. If we want to increase the Canadian capital, let us not tax it.

Mr. Speaker, among the incentives which are necessary to attract capital in risk companies, I suggest that the government should raise the exemption of 20 per cent on dividends paid by Canadian companies to 50 per cent; increase the tax exemptions for research expenses; increase tax deductions for companies engaged in developing natural resources, especially Canadian companies; allow companies to deduct from taxable income twice the expenses incurred by them for the training of their employees, at work or unemployed; allow the family head to deduct from his income the money devoted to his children's education; see to it that the Department of National Revenue withdraws completely from the field of estate taxes and on gift taxes; broaden the criteria to allow the creation of a greater number of designated areas; increase from $100 to $200, the statutory exemption for charitable donations and medical expenses, a suggestion I made as far back as 1964 in a notice of motion that was not discussed during that session; increase the corporations exemption from $35,000 to $60,000 before they are taxed at 50 per cent; decrease the corporations taxes according to the ratio between their exports and their volume of business, and I could suggest many other ways of stimulating Canadian industries and taxpayers. I will, of course, leave the choice of those incentives to the Minister of Finance who, with the help of technicians and experts, will no doubt study closely the suggestions made and find the most appropriate solution to serve the economy of the whole country.

[*English*]

Mr. Deputy Speaker: It being six o'clock this house stands adjourned until two thirty o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Thursday, October 12, 1967

The house met at 2.30 p.m.

[*Translation*]

LABOUR CONDITIONS

TABLING OF AGREEMENTS RESPECTING RETRAINING PROGRAMS

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I should like to table a copy of the correspondence exchanged between the federal government and the provinces concerning vocational training, as I had promised the hon. members for Royal and Winnipeg North (Messrs. Fairweather and Orlikow).

[*English*]

Mr. Speaker: Has the minister leave to table these documents?

Some hon. Members: Agreed.

FINANCE

TABLING OF REGULATIONS RESPECTING INTEREST DISCLOSURE

Hon. Mitchell Sharp (Minister of Finance): Last Thursday I promised to table in this house the regulations under the Bank Act concerning interest disclosure. With the leave of the house I would like to table today copies in English and in French.

Mr. Speaker: Has the minister leave to table these documents?

Some hon. Members: Agreed.

• (2:40 p.m.)

[*Translation*]

CANADIAN CITIZENSHIP ACT

AMENDMENT TO DELETE REFERENCE TO BRITISH SUBJECT

Mr. Maurice Allard (Sherbrooke) moved for leave to introduce Bill No. C-160 entitled "an Act to amend the Canadian Citizenship Act".

Some hon. Members: Explain.

Mr. Allard: Mr. Speaker, according to section 26 chapter 15 of the Revised Statutes of Canada 1946 and sections 21 and 23 (a) and (b) of the Canadian Citizenship Act, every Canadian citizen is considered as a British subject.

Furthermore, any passport issued in Canada specifically mentions that all Canadian citizens are British subjects.

Considering that since December 11, 1931, under the Statute of Westminster, Canada is no longer a British colony but has become a sovereign and independent country;

Considering that it is proper through political and constitutional evolution that Canadians should henceforth be recognized solely as Canadian subjects;

The present bill proposes that the Canadian Citizenship Act be amended so that the status of British subject which is now given to all Canadian subjects be changed so and that henceforth a Canadian shall be designated solely as a Canadian subject.

I hope that in this year of the centennial of Canadian confederation—

Mr. Speaker: Order, please. The standing orders do not permit more than a brief explanation of the bill.

Motion agreed to and bill read the first time.

[*English*]

EXTERNAL AFFAIRS

VIET NAM—ALLEGATIONS RESPECTING CANADIAN MEDICAL AID PROGRAM

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, my question is directed to the Secretary of State for External Affairs, who I presume is also Acting Prime Minister. It deals with the very serious allegations regarding Canada's medical aid program in Viet Nam made by Dr. Michael Hall. Can the minister advise whether Dr. Hall's charges are being thoroughly and promptly investigated, and whether the five man investigative team now en route to Viet Nam under assignment from the external aid office sought information from or made any contact with Dr. Hall regarding our medical program in the area prior to their departure?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I dealt with

these charges, so-called, yesterday as far as they could be dealt with on orders of the day, when I was faced with a question by the hon. member for Royal. I indicated that we would be very happy to deal with Dr. Hall's views when the external affairs committee meets.

However, in fairness to the position and to the merits involved in the situation I wish to say there is no foundation for Dr. Hall's observations. Canada is contributing more to Viet Nam than any other country except two. I indicated that yesterday, and the detailed program of what we have done in the medical field—which was outlined in one of the morning newspapers and which I could not outline on orders of the day yesterday—is a pretty good indication of the invalidity of the observations made by Dr. Hall, about whom I will have something to say at the appropriate time in the appropriate place, the external affairs committee.

Mr. Macquarrie: As a supplementary question, in view of this answer and in view of the widespread concern throughout the country as a result of Dr. Hall's statements, will the minister take an early opportunity to contact the chairman of the standing committee on external affairs so that Dr. Hall may be given an early opportunity to appear before it in order that the committee may hear *in extenso* Dr. Hall's information and impressions, and give the minister a chance to refute them?

Mr. Martin (Essex East): That is a reasonable suggestion and I have already acted on it. I may say incidentally that the fact that a representative of the Red Cross and a doctor representing the rehabilitation centre of Notre Dame in Montreal are now on their way to Viet Nam is a pretty complete answer to many of the things Dr. Hall alleged. I wish personally that when the Canadian Broadcasting Corporation decides to make time available—

Mr. Nielsen: Be careful now.

Mr. Martin (Essex East): —to people to put forward certain views, at the same time they would give an opportunity to others to reply.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, in view of the fact that in recent days the minister has said that this and several other matters would be referred to the external affairs committee and that he would answer fully at that time, when will he take steps to have this committee meet so these matters can be gone into without undue delay?

[Mr. Martin (Essex East).]

Mr. Martin (Essex East): As my hon. friend knows, no member of the government can control the actions of a parliamentary committee, but I have already taken steps which I hope will be persuasive and will result in such a committee meeting.

Mr. Harkness: May I ask the minister whether anything has been referred to the external affairs committee which would make it possible for that committee to meet to consider these matters?

Mr. Speaker: Order, please.

Mr. P. B. Rynard (Simcoe East): I wonder whether the minister would like to give the house his assurance that Dr. Hall was supplied with the proper medical and surgical equipment.

Mr. Martin (Essex East): My hon. friend is asking a specific question. I am sure Dr. Hall was given every assistance that could possibly have been given in the circumstances. I asked Dr. Venema to come back from Viet Nam to report on a number of matters and I am satisfied that what Dr. Venema reported to me represents the true situation.

Mr. Heber E. Smith (Simcoe North): Will the minister assure the house that in the meantime he will not continue condemning Dr. Hall by innuendo both in and outside the house.

Mr. Speaker: Order, please.

THE CANADIAN ECONOMY

CO-OPERATION TO ACHIEVE STABILITY IN PRICES AND WAGES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Minister of Finance a question regarding his statement of yesterday that he had sought the advice and co-operation of both labour and management and other persons concerned with the present economic situation in the country. I should like to ask him whether this was a general invitation contained in the speech he made in the house or whether he has had some specific correspondence with these various groups asking for their co-operation and advice.

Hon. Mitchell Sharp (Minister of Finance): The invitation I had reference to was the one

I made in the speech and on other public occasions. I have not yet had correspondence with these associations and groups, but I intend to do so when the time is ripe.

Mr. Douglas: Is it the intention of the minister to set up an advisory committee, and is it his intention to invite the various groups who are concerned with the economy to be represented on such a committee so they will be in a position to advise him and so he will be in a position to secure their co-operation from time to time?

Mr. Sharp: Yes, Mr. Speaker. The government naturally would not embark upon a policy of trying to mobilize public opinion in the interests of greater stability in prices and wages without consulting all those concerned and seeking their advice and counsel.

Mr. Douglas: Is it the intention in the near future to directly approach these groups and, if so, what groups does the minister intend to approach?

Mr. Sharp: I am not in a position to answer that question, but I should hope the groups I invite to discuss this problem with me would be thoroughly representative of all sections of public opinion.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO APPOINTMENT OF PRESIDENT

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, in the absence of the Secretary of State my question is for the Acting Prime Minister. In the light of renewed speculation on the subject, can we expect an early announcement concerning the appointment of a president for the C.B.C.?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I hope some indication can be given by the Prime Minister when he returns tomorrow.

HOUSE OF COMMONS

TIME OFF FOR STAFF TO VOTE IN ONTARIO ELECTION

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, I should like to direct a question to the government house leader, the Minister of National

Health and Welfare. Will he make arrangements with his fellow members of the internal economy commission, including Your Honour, to provide members of the staff of the House of Commons and the library with appropriate time off to assure them of the opportunity to exercise their franchise in the Ontario provincial election next Tuesday, October 17.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker.

EXTERNAL AFFAIRS

VIET NAM—REACTION TO U.S. OFFER TO CEASE FIRE

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is for the Secretary of State for External Affairs. In light of his contention on the C.B.C. last night that the onus is on the United States to explain its position in Viet Nam to the people of the world, will the minister tell the house whether he has articulated this interesting attitude to Washington and, if so, what was the reaction there?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, if my hon. friend will read the story, the headline of which constitutes the basis for his question, he will see that I said if the bombing stopped the onus would then be on Hanoi.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a supplementary question. In view of the statement of the Secretary of State for External Affairs to the effect that he had not recently received any indication from Hanoi as to whether they would agree to come to the negotiating table in the event of a cessation of bombing, may I ask him whether his emissary to Hanoi, Mr. Chester Ronning, brought back any assurance from the government in Hanoi that they would come to the negotiating table providing there was a cease fire?

Mr. Martin (Essex East): Mr. Speaker, I have made it clear that as a result of commitments made during the discussions we had regarding this matter, including those in Hanoi, it is not possible to reveal the nature of the exchanges which took place. I am sure my hon. friend would not press me any further, but in asking that there be a stop to the bombing at this time, I naturally took into account my assessment of the situation.

Inquiries of the Ministry

Mr. Douglas: Mr. Speaker, I have no desire to press the minister unduly, but in view of his statement yesterday in the house as it appears at page 2980 of *Hansard*, to the effect that he had received no recent assurance, is he now telling the house that no such assurance was transmitted to him by Mr. Chester Ronning?

Mr. Martin (Essex East): Mr. Speaker, I was not necessarily referring to Mr. Ronning when I made that reply. I have no further comment to make.

Mr. Eldon M. Woolliams (Bow River): I have a supplementary question, Mr. Speaker. In view of the minister's statements yesterday and today in reference to the governments' position, does the minister take the position that if they do not come to the negotiating table the United States should withdraw from Viet Nam?

Mr. Speaker: Order, please. This question appears to be in the form of debate and is out of order.

Mr. Woolliams: Mr. Speaker, with the greatest respect, the minister was about to answer, and I suggest this is not a debate but a very important question. I should like to debate it at ten o'clock.

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to ask the Secretary of State for External Affairs a supplementary question. Is it not the position of the government that even now there is at least an equal onus on North Viet Nam to try to bring about a peaceful solution of the Viet Nam problem?

Mr. Martin (Essex East): Of course there is, Mr. Speaker, and this is what I said at the United Nations.

Mr. Sherman: Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs. In light of all that has been said on the Viet Nam question in the last 48 hours, can the minister tell the house whether the authority for initiating a bombing pause has now shifted from Washington to Saigon?

Mr. Martin (Essex East): I could not answer that question, Mr. Speaker.

POLLUTION

COMMUNICATION FROM U.S. RESPECTING NIAGARA RIVER

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, while I am on my feet I should like to answer a question put to me by the hon. member for Parry Sound-Muskoka, who asked whether I had received any communication from Secretary Udall regarding pollution of the Niagara river.

I have no knowledge of any such communication, and none has come in. I may say that the International Joint Commission has received a report on this subject from its international advisory board on lakes Erie and Ontario. The commission is now considering this report in consultation with the provincial, state and federal authorities of both countries. I am informed that the commission expects to make an announcement shortly concerning the course it intends to pursue in order to encourage early and effective control of pollution in this international waterway.

[*Translation*]

AIRPORTS

MONTREAL—USE OF FRENCH IN DUTY FREE SHOP

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the hon. Minister of Transport.

Has the minister been advised that, at the Dorval airport, certain concessionaries, such as the duty free shop, prevent and dispute the use of the French language on the part of the customers who shop there and will he take immediate steps to ensure that no discrimination is exercised with regard to the two official languages of Canada?

Mr. Speaker: The hon. member made representations in the second part of his question which doubtless the minister has noted. As for the first part, I suggest that it be put on the order paper.

Mr. Allard: Ten o'clock, Mr. Speaker.

[*English*]

HUMAN RIGHTS

VANCOUVER, B.C.—SUSPENSION OF LICENCE OF NEWSPAPER "GEORGIA STRAIGHT"

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, yesterday I attempted to ask the Minister of Justice a question concerning the suspension of the licence of a Vancouver newspaper. Your Honour ruled my question out of order. I have checked *Hansard* and found that both Mr. Speaker Macnaughton and Your Honour have usually allowed questions concerning civil rights. My question has

to do with the arbitrary suspension of a publication. I wonder whether the question might be in order today.

Mr. Speaker: Order. The hon. member knows what his rights are. If he feels that a question which has been ruled out of order should have been allowed, he can give notice for the question to be dealt with at the adjournment debate. I realize that we have a difficult situation at this time, in that because of the budget discussion there is an accumulation of questions to be debated at the time of adjournment. In view of this special circumstance the hon. member's question might be allowed.

Mr. Prittie: Thank you, Mr. Speaker. The minister did receive notice of my question. It has to do with the suspension of the licence of the hippie newspaper in Vancouver, *Georgia Straight*. Has the minister taken note of the implications of press censorship involved in this action, and has he received representations from interested groups in connection with this matter?

Hon. P.-E. Trudeau (Minister of Justice): On the second part of the hon. member's question, Mr. Speaker, I had received no representations up to the time the question was asked yesterday. I will have to check to see if any such representations were received today. With respect to the first part of the question, as to whether I have taken note of the implications in regard to civil liberties, the answer is yes. But it is not obvious to me from the report which appeared in the newspaper, namely the suspension of a licence because of alleged obscenity, that this is a matter of civil liberties over which the federal government has jurisdiction.

[*Translation*]

LOTTERIES

INQUIRY AS TO REPLY TO REQUEST FOR ESTABLISHMENT

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is also for the Minister of Justice and Attorney General.

I would like to know if he gave his support yesterday or the day before to the representations made at his office for the institution of lotteries in Canada?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, yesterday and also on previous occasions, I did meet people who made representations to me in this respect. I took note thereof, and I even indicated that it was the intention of the government to introduce for this purpose a bill to amend the Criminal Code.

[*English*]

BUSINESS OF THE HOUSE

LEGISLATION TO BE CONSIDERED BY STANDING COMMITTEES

On the orders of the day:

Mr. H. E. Gray (Essex West): Mr. Speaker, I have a question for the Minister of National Health and Welfare in his capacity as government house leader. On Tuesday last, on behalf of the government, the minister tabled a list of legislation which the government wishes to have discussed during this session. Would it be possible for the government to also indicate now which items of this legislation it feels should be considered by the standing committees of the house, so the necessary preparatory work can be undertaken and the work of the committees properly planned?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker, I would be glad to consider that suggestion.

NATIONAL DEFENCE

REPORTED PROPOSAL TO REORGANIZE INFANTRY FORCES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I have a question for the Minister of National Defence. Is the defence department presently engaged in or planning for a reorganization of the infantry component of our forces which will result in the disappearance of some of the regiments and a reduction in the number of battalions of others?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, we are reviewing the situation generally, but a report to the minister's level has not yet reached my office. Therefore I have not had the opportunity of making any decision in this respect.

Mr. Heber E. Smith (Simcoe North): A supplementary question, Mr. Speaker. Can the minister say whether the report that is being prepared will have the effect of diluting the French Canadian character of the Royal 22nd regiment?

Inquiries of the Ministry

Mr. Speaker: Order, please. I wonder whether this question is not argumentative and hypothetical.

Mr. Harkness: Mr. Speaker, is the study being made with regard to a possible reduction in the number of infantry battalions related to the roles which our defence forces have to perform, and is any reduction in these roles being planned which would mean that a reduced number of infantry battalions would be sufficient?

Mr. Cadieux (Terrebonne): I think I should repeat that I am not planning to reduce the number of regiments. The study in progress is a theoretical study of what the implementation of the unification process should be. That is all there is to it. No decision has been taken yet, and after this matter has been studied by the defence council, which has not been the case until now, it will have to be submitted to the minister for his consideration.

CAPITAL PUNISHMENT

REQUEST FOR REISSUE OF GOVERNMENT WHITE PAPER

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to direct a question to the Solicitor General, who I think is charged with responsibility in this matter. In view of the fact that we will shortly be debating the very important issue of capital punishment, will the government give consideration to reissuing the excellent and fairly balanced white paper on this subject, and supplementing it with up to date statistical and other relevant information?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the hon. member's suggestion is very reasonable, and I will be pleased to give it my immediate attention.

POST OFFICE DEPARTMENT

POSSIBLE INCREASE IN INTERNATIONAL POSTAGE RATES

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question for the Postmaster General. Having in mind the fact that if the government is successful in increasing the ordinary letter rate in Canada from five to six cents it will cost more to mail a letter from Ottawa to Toronto than from Ottawa to Los Angeles, is the minister considering applying for a similar increase in the international mail rate in the unlikely event that the house approves this local increase?

[*Translation*]

Mr. Jean-Pierre Côté (Longueuil) (Postmaster General): Mr. Speaker, the agreements—

Mr. Speaker: Order, please. The question as put is hypothetical.

[*Later:*]

Mr. Côté (Longueuil): Mr. Speaker, in order to remove all doubt from the public mind, would you allow me to say that the premise of the question put to me is wrong.

[*English*]

HEALTH AND WELFARE

REQUEST FOR LABELLING OF HAZARDOUS PRODUCTS

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, yesterday I put a question which was considered too general in nature. Today I have a specific question which I should like to ask the Minister of National Health and Welfare.

In view of the fact that a coroner's jury last night recommended that lemon oil products be labelled "poison" and that a child-proof lid be used because of the death of a 20-month old child last August, can the minister inform the house whether any specific action will be taken in this regard? If so, what will be done to protect children from this type of hazard?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the question would require a very lengthy answer. However, let me say that it is proposed in this session to introduce amendments to the Food and Drugs Act which would have the effect of meeting this situation.

[*Translation*]

SHIPPING

ST. LAWRENCE RIVER—MAINTENANCE OF WINTER NAVIGATION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, about 10 days ago I put a question to the Minister of Transport and he was supposed to answer.

Can the minister tell us today whether his department is now considering the action to be taken to maintain winter navigation on the St. Lawrence this very year?

[*English*]

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I am still studying this question. As my hon. friend can appreciate, I would like to have it thoroughly reviewed and understand it very well so I will not find myself skating too far out on thin ice.

[*Translation*]

Mr. Grégoire: Mr. Speaker, may I direct a supplementary question to the minister.

I understand that the minister is now seriously considering the matter, but can he tell us whether we can expect that as early as this year the plans of the department will be implemented?

[*English*]

NORTHERN AFFAIRS

ALBERTA—DEATH FROM MALNUTRITION OF INDIAN CHILD

On the orders of the day:

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, on October 5 the hon. member for Brandon-Souris asked if I had received the report of an inquest held to investigate the death of an Indian child on the Peigan reserve in Alberta.

I have to advise the house that I have not yet received the report. In the meantime I would like to say that the child's death does not seem to have been due to any lack of cash income in the family. The family received welfare assistance from my department in the amount of $3,376 between September 1, 1966 and September 1, 1967. In addition to this sum the usual family allowance cheques, in this case in the amount of $57 a month, came into the household.

The welfare assistance is provided by my department from funds voted annually by parliament for the welfare of Indians. However, while there is no special federal legislation on child welfare, this field is covered by provincial laws. Accordingly the department of Indian affairs requested the provincial authorities in November, 1966 to take steps to protect these children. At that time and in the light of the circumstances then prevailing the provincial authorities decided that no steps should be taken by them.

The coroner's jury which investigated the case recommended that a federal-provincial commission be established to investigate welfare and social conditions on the reserves. The department is attempting to have the provinces extend to the Indian people in the provinces and on reserves those welfare and other services which the provinces extend to all other residents. My colleague the Minister of National Health and Welfare and I have had discussions with the province of Alberta on this subject, and we are hopeful that a satisfactory arrangement can be made.

The second recommendation was that a full time welfare officer be appointed to serve the Peigan reserve.

Mr. Speaker: Order, please. I wonder whether the minister would not agree that his answer is perhaps too long.

Hon. W. G. Dinsdale (Brandon-Souris): I have a supplementary question, Mr. Speaker. In view of the obvious importance of the report of the coroner's jury, as indicated by the minister's interest, could the minister make copies available to members of the house, and particularly those on the Indian affairs committee, when he receives it?

Mr. Laing: I agree with the implication of the hon. member that this is a very important matter, because it strikes at the heart of the Indian people and our relations and the responsibilities of the provinces thereto, and I would be very happy to see that copies of the report are sent to hon. members who are interested.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. May I ask the minister, when considering the recommendation that the provincial departments of welfare extend their programs to cover Indians and their dependants, whether the government is offering to the provincial governments some financial compensation for assuming this responsibility, or is it merely asking the provinces to assume the responsibility without any financial remunerations?

Mr. Laing: In the case of all the provinces we made an offer to carry 90 per cent and we asked the provinces to cover 10 per cent of the costs. Representations have been made to us by the province of Alberta that we should carry 100 per cent of the costs.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, in view of the fact that the evidence given at the inquest indicated that there was

a considerable number of other families whose circumstances were very similar to those of the Crow Shoe family where the death occurred, has the department placed any welfare officers at work in order to ensure that further deaths due to malnutrition do not take place?

Mr. Laing: Mr. Speaker, had I had the opportunity to complete my statement I would have said that the jury also suggested that band parents and the band council accept more responsibility for the education of their children, and that adult education programs be extended to the reserves.

The second recommendation was that a full time welfare officer be appointed to serve this particular reserve. Although this is not a federal responsibility, in the absence of full and proper services a full time social worker was appointed on July 1.

Mr. Douglas: I have a supplementary question, Mr. Speaker. In view of the fact that the Indians are wards of the federal government and are solely a federal responsibility, is there any reason why the federal government should not pay 100 per cent of the cost of welfare extended to them by the provincial governments?

Mr. Speaker: Order. I believe the supplementary question is argumentative.

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to ask the Minister of Indian Affairs and Northern Development how many of the provinces have accepted the federal government's offer to administer these welfare programs.

Mr. Laing: We have an agreement with the province of Ontario in respect of community development and welfare. We have one agreement with the province of Alberta in respect of community development, and we have other agreements under which we are carrying most of the costs in respect of some of these services. However, they are not formal agreements.

NORTHWEST TERRITORIES—REQUEST FOR NAVIGATIONAL AIDS FOR AIR TRANSPORT

On the orders of the day:

Mr. Erik Nielsen (Yukon): I should like to direct a question to the Minister of Transport. Has his attention been drawn to the recent crash and burning in the Northwest Territories of a Beaver aircraft carrying a newly elected member of the Northwest Teritories council? Is the matter under investigation, and is his department planning the installation of any navigational aids where there are none now in the territories?

Hon. Paul Hellyer (Minister of Transport): I understand, Mr. Speaker, that an official inquiry is to be held. Once I have seen the results of this inquiry I will be in a better position to know what action might be justified to help prevent further tragedies of this kind.

HEALTH AND WELFARE

EQUIPPING OF MOTOR VEHICLES WITH EXHAUST CONTROLS

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Is the minister giving any consideration to following the example set by the health minister of Ontario by way of making the use of exhaust control devices on all 1969 model cars mandatory across the nation?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker, this matter is under consideration.

REGULATIONS GOVERNING THE SALE AND DISTRIBUTION OF VITAMINS AND MINERALS

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I have a question for the house leader in his capacity as Minister of National Health and Welfare; I will not involve myself in the other discussion. I should like to ask the minister, in view of what appears to be quite widespread public concern over the proposed amendments to the drug regulations in respect of the distribution of vitamins and minerals, whether he can tell the house if such changes are to be made or have been made, and if so what is their purpose. According to the correspondence I have received it is alleged the requirements will be—

Mr. Speaker: Order, please. The hon. member is asking a question of the type which should be answered on motions.

Mr. Barnett: Then may I ask the minister if he would be prepared to make a statement on this subject to the house under motions, because there appears to be quite widespread public concern.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, I will consider that suggestion.

EXTERNAL AFFAIRS

INQUIRY AS TO MEETING OF STANDING COMMITTEE

On the orders of the day:

Mr. Heath Macquarrie (Queens): I should like to direct a question to the hon. member for Restigouche-Madawaska in his capacity as chairman of the external affairs committee. When does he contemplate calling the committee into session?

Mr. Jean-Eudes Dubé (Restigouche-Madawaska): At the present time there is no reference from the house to the committee, so the committee cannot meet. I presume that very shortly there will be such a reference. As soon as there is a reference I shall be pleased to call a meeting.

Hon. D. S. Harkness (Calgary North): This brings up the question I asked the minister, Mr. Speaker, and upon which you called me to order. I thought the minister should have been able to answer it. When will the government make a reference to the committee so the committee can meet and consider this question?

Hon. Paul Martin (Secretary of State for External Affairs): I have just been discussing the matter with the house leader, and I hope I have the persuasive powers with him that I think I have.

Mr. Harkness: The minister, I am afraid, is being evasive again. Can he not say definitely when this reference will be made, say tomorrow?

Mr. Martin (Essex East): My hon. friend is one of the last members of this house—

Mr. Speaker: Order, please.

BUSINESS OF THE HOUSE

REQUEST FOR DEBATE OF QUESTIONS ON ADJOURNMENT MOTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this question is directed to the Minister of National Health and Welfare in his capacity as government house leader, or perhaps it might be regarded as a point of order. As hon. members are aware, the list of questions for debate at adjournment time is getting rather lengthy because our rules provide that there is no late show when a vote is ordered late at night. My question to the government house leader is this. In view of the fact that there is not usually a recorded vote on a final motion such as we will have tonight, would it not be possible to have agreement of the house that we will have a late show tonight and take up two or three of the questions that are on the list? I am not asking that any of mine be taken up tonight, but by doing this we might get started on the list.

Hon. A. J. MacEachen (Minister of National Health and Welfare): If there is no vote, and if there is unanimous consent, I am agreeable to the suggestion made by the hon. member.

Mr. Speaker: Is there unanimous agreement of the house to the procedure suggested by the hon. member for Winnipeg North Centre?

Some hon. Members: Agreed.

Mr. Speaker: It is therefore agreed that there will be adjournment proceedings tonight, provided there is no vote.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, October 11, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. David MacDonald (Prince): Mr. Speaker, as I stand here today to speak on the last day of the budget debate I realize that I face tremendous competition for attention in view of the fact that the world series is currently being broadcast to almost every nook and cranny. I have often wondered why we call it a world series when only one country participates. However, since there is a world series on today perhaps it is fair for me to deal with some of the great issues that face us in terms of international relations. I should like to set before you three or four concerns I have in that field as my own world's series. I think these issues in particular are of paramount importance to the future security, normal development and improvement of the world situation as we see it today.

It seems almost predestined that the first speaker this afternoon, in the light of the

considerable exchange during the question period, should deal with the overriding crisis that faces us in international relations, the problem of Viet Nam. There is, I think, no greater issue nor one more fraught with danger in the year 1967 than the immediate outcome in the next few months of developments in that perilous little country. About two weeks ago now our own minister of external affairs dealt with this subject in his address to the opening session of the United Nations. He made a number of statements, some of which pleased this member at least in particular and I am sure many other members in this house, because we have been concerned for some time that some new initiatives be taken by this country with regard to the increased and prolonged bombing of the north. Many of us, in fact, were almost surprised that our minister should have put himself on record, strongly I hope, as being opposed to the perpetuation of this bombing.

But perhaps if we were surprised it was only because of what seemed to be his previous attitude, not because there seemed to be any unusual suggestions in his statement. He has had many good examples to follow. One can think of His Holiness the Pope, the secretary general of the United Nations, U Thant, church leaders in the World Council of Churches. One might even find some evidence of late conversion on the part of the United States secretary of defence himself, Mr. McNamara. It is not, therefore, an unusual position, though no one can doubt that it is an important one. I hope that regardless of the opposition, either subtle or overt, that may be directed toward our administration, we shall not fall back from the position that there can be no movement toward negotiation in this dreadful war unless there is a cessation of the bombing.

• (3:20 p.m.)

I do not think it is enough for leaders and governments to advocate this policy without treating with absolute seriousness the many other initiatives that may or may not be waiting to be tried. I have been somewhat disturbed by the attitude of our Secretary of State for External Affairs. While he is, I think, holding firm to his requirement for a cessation of bombing he has not indicated in this house or in any other place that further initiatives are being taken, that Canada is doing everything in its power to look for approaches and possibilities of any kind that might present themselves. Indeed, more alternatives have been discussed within the United States than in some of the other countries which have been less caught up with the question. I do not know what is behind the military thinking that suggests certain enclaves, or some kind of electrical fences, be used for deaccelerating the conflict. I do know one thing; this is not a static war. Anyone who believes that we have achieved some kind of balance of enmity or hostility is deluding himself to a grand degree.

I do not believe that week after week the government of the United States or the powers that be in Hanoi will accept the cost of this conflict without looking for some value in return. Unless there is strong initiative to defuse and deaccelerate the conflict one may expect in the next few months not a decrease but an increase in hostilities. One can imagine, in terror, all the possibilities that such an increase may hold for us.

Today I am concerned not only with our new position, as evidenced by the minister's speech at the United Nations, but also with the definition of our fundamental approach or policy to that conflict in Viet Nam. During these past few years it has never been easy to determine the attitude of the Canadian government. When one has gone through all the generalizations, all the comments about how the war started and Canada's role in the I.C.C., and after one has spent hours and hours examining documents and speeches, one is left with a vague impression that the attitude of the government was that there had been communist aggression from the north which, five or six years ago, had moved to the south. It was to stop that aggression that the United States government had committed itself.

When one looks at more recent speeches, and particularly those of the last few months, one finds—at least I find—no mention of communist aggression as such. There seems to be no position; we are confronted with a sort of function or tactical situation which suggests that Canada's interest in Viet Nam at the moment is to see that war is ended as quickly as possible.

That is good. No one, not even the most militant person in the Pentagon, I think, would be opposed to that point of view. Surely no country or administration worth its salt can view the complex problems that beleaguer Viet Nam without adopting some position. The positions might range from a stand that it would be good if Viet Nam were abandoned by the United States military, to one that might hold that it is tactically possible for the United States to gain firm control,

perhaps not of all Viet Nam but of South Viet Nam.

Surely Canada in general, and this house in particular, has a right to know what is our government's position. What do we view as good ends, as opposed to bad ends, in the resolution of the Viet Nam dilemma? We have found one thing, Mr. Speaker, and that must not be overlooked. The minister and, I assume, the government have turned away from and left what was the hallmark of Canadian diplomacy, that which was called euphemistically throughout the years "quiet diplomacy". Last night, on Wednesday, October 11, the Secretary of State for External Affairs appeared on the television program "20 Million Questions". When asked why Canada should adopt a new position with regard to the bombing he said, in the latter part of an extended answer, something to the following effect:

> —my experience has been that we have been under a misapprehension in Canada for a long time in thinking that we would destroy our position with the United States by speaking up.

Conversions are always welcome, no matter if they are death bed repentances. It is important to realize, I think, that the minister has said it is perhaps safe now for Canada to look in the mirror at the reflection of her international posture and regard herself as an adult. She can say that she thinks there are issues of importance.

Mr. Martin (Essex East): Would my hon. friend permit me an interjection? He is making a constructive speech and touching an important point. The observation I made in that connection is not a new one. I have made it a number of times. It was not because of any new position we have taken on the bombing that I made the statement that we should stop it. I have never felt there was anything in our relations with the United States that would cause us, in the right situation, not to speak our minds.

Mr. MacDonald (Prince): The minister has again indicated through his own words and qualifications that what he has suggested previously has been fine. The minister has never carried out what he has suggested. We want acts, not words. We welcome the actions of the minister at the United Nations; I and every other member of this house congratulate him on his actions at the United Nations. We welcome the fact that the minister has made plain that Canada now is an adult and may take positions which may not always be received with good will and thankfulness in Washington. Nevertheless we must have our unique position, not only that we may enjoy some kind of self respect in international gatherings and in the whole international milieu but also that we may be a real asset to the United States. I mean this. I have never seen any value in our being a pale, second sister. Often there have been wonderful opportunities for us to indicate our position to the United States. Had we done so that would have been of immense assistance and inestimable value to that country.

I wish to say this: While the minister has taken the first timorous step in the uncertain waters of international affairs with regard to Canada's position, there are still some ways in which he seems to shy away from espousing a position which is our own position rather than that of the United States. In last night's broadcast the minister defended, as I intimated a moment ago, the value of Canada having a channel or open line through to Hanoi. It is important for us to have that in order that at some point—we are not sure when—we may act as a valuable liaison between Hanoi and Washington. Without getting into a long debate on this point now, let me say it is abundantly clear to me at least that there has never been a lack of communication between Washington and Hanoi. There are all kinds of contacts available. Difficulty arises because of what has been transmitted back and forth along those lines of communication.

• (3:30 p.m.)

What disturbs me about Canada's foreign policy in this regard is that the minister should have elevated a role as a note-runner or message carrier into one of the supreme virtues in international affairs. As Mr. Lynch said to the minister last night on the television program: "You are talking about a channel as though it were a policy itself," to which the minister replied: "Well, it is." I fail to discern any overriding strength in an answer of that kind or to feel much enthusiasm for it. I think it is more important that Canada should take a position about the future of this little country than that it should be just an errand-boy between Hanoi and Washington.

So far I have dealt with affairs which, whether we like it or not, are largely beyond our control. We are not a great nation militarily, thank God, and we are not involved in many of the military aspects of events in Viet Nam with the exception of our supervisory activities as they are carried on

in the control commission. But we could be playing a role of tremendous importance to the civilian population of Viet Nam, and we have failed to play such a role. If there is any sin of omission on the part of the present government, surely this is where the fundamental issue lies. I have never been more aware of this than in the past ten days because I have before me on my desk a letter from Dr. Michael Hall, a man who has been the subject of considerable public discussion during the last day or so. He wrote me a letter 11 days ago following a question of mine in the house when I asked the minister for the umpteenth time whether or not the government was prepared to assume some responsibility—because of its new policy position on Viet Nam, if for no other reason—for providing some practical assistance to the hundreds of thousands of suffering people in that country. Surely no country has ever had the opportunity which Canada has today to meet at least some of the needs which face this terror-ridden and tormented country.

I should like to put on record some of the things Dr. Hall said to me in this letter because his words and his own personal experience of three years in Viet Nam speak much more eloquently about our gross failure in this regard than anything I can say. At one point he writes:

> We have the second highest national income per head population of the world, but even though most of the funds are spent in Canada we allocate to external aid only two-fifths of the recommended United Nations minimum, and are thus the second least generous of the donor countries—second only in our frugality to Denmark, noticeably also a leading critic in the United Nations of United States policy.

He goes on:

> We have sent two food commodities: for a country whose people do not eat butter we have given them $60,000 worth; for a country where the people eat rice we have given them $790,000 worth of flour.
>
> As you know we do not even send these "gifts" but Viet Nam has to pay the shipping costs out of her own limited foreign currency. The food commodities are not to be given to the poor and hungry, but are to be sold to the moneyed class, to generate "counterpart funds", that devious system of double bookkeeping requiring a country to show it has available for further expenditure the cost of the commodity "given" to it, regardless of whether it has chosen to sell this commodity, has even found it was saleable, or has given to the needy. Not surprisingly Viet Nam declined further Canadian "gifts" of food. The counterpart funds have been used to start a medical school extension and a university assembly hall, but these were abandoned a year and a half ago in their early building stages, to stand as skeletal monuments to Canada's skeletal generosity, while year long arguments were held between the Canadian delegation and the Vietnamese government over non-existent funds.

Perhaps it would be helpful if I were to give hon. members something of the background of Dr. Hall. He is not a man who has had merely a casual acquaintanceship with the problems of Viet Nam. He writes:

> I first went to Viet Nam in 1963 working as an orthopaedic surgeon exclusively for the civilian wounded. I struggled until April, 1967 with External Aid to get them interested in helping the civilian injured, but to no purpose, and finally in great sorrow abandoned my efforts. Despite the support of the head of the Canadian commission in submitted recommendations for improving the treatment facilities in the university hospitals, my letters were either unanswered or turned down summarily with expressions such as "Canadian content too low".
>
> Other Canadian doctors have had the same experience—one surgeon quit the country after only a few days, another physician completed a six month contract and was so dissatisfied he would stay no longer. A proposed children's rehabilitation centre was abandoned, very quietly, because Canada wanted Viet Nam to pay for its local costs—and Viet Nam had already found out from my housing costs that the Canadian government made them pay, that they should beware of any future similar arrangements.

He goes on to write in another part of the letter:

> Canada has not provided any surgical team—excluding my solitary person—to assist the war wounded although these have been provided by the U.S., the U.K., France, Italy, Switzerland, Germany, Japan, China, Korea, Thailand, Philippines, Iran, New Zealand and Australia in South Viet Nam, and by several communist bloc countries in North Viet Nam.

There is much more in this letter than there is time to read but the indictment it contains is sufficient testimony to the shabby way in which an opportunity which could have been most glorious for this country has been abandoned without, it seems to me, any real degree of interest being shown in the possibilities which were there. Dr. Hall writes:

> The world knows Canada's "utmost" is two-fifths of the minimum recommended by the United Nations, and that we are "our brother's keeper" to the extent that we will sell armaments to our neighbour, then tell him he should not use them.

It would seem to me that if we do have any sense of responsibility and if we do have any opportunity to deal with the difficult and terrible situation in Viet Nam, then surely the way of rehabilitation, the way of education, was open to us. Yet time and time again when questions have been asked in the house the minister has fobbed us off with his usual kind of non-answer. To my mind at least the

minister has never shown, either in this place or outside it, that there is a genuine or strong interest in serving the cause of thousands of suffering people in that country.

If there were genuine interest on the part of this government in the plight of the civilian population of this stricken country we should not have to wait, as the minister suggested yesterday, until the subject comes before the external affairs committee, which could take weeks or even months. We should not even have to wait until the minister had left this chamber. If this government is really concerned about the possibilities for service of the kind attempted by men like Dr. Gingras, Dr. Venema and Dr. Hall, then this house is surely the first place in which the minister should put on record in detail particulars of what this government is willing to do.

• (3:40 p.m.)

I for one find it very difficult to respect either a minister or a government who can become very concerned about what the actions of other countries should be in this regard and who can ignore, with such little obvious disturbance, what our own responsibilities are. I am glad that Dr. Hall has spoken out. I hope that many Canadians will now speak out and register their opinions with the government. Now that we know that little has been done when much could have been done, there may be some new policy with regard to external aid since there has been evidence of a new policy with regard to the future of the Viet Nam conflict.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Gaston Clermont (Labelle): Mr. Speaker, on the budget debate, I should like to comment on questions of general interest and on regional subjects.

The first comment I should like to make, Mr. Speaker, is on the Small Business Loans Act which was amended this year to enable owners of small businesses in the building field, in transport and communications to benefit from this loans program. The amendment has raised from $250,000 to $500,000 the approximate yearly gross income that a borrower is required to have to be eligible for a loan. But the borrower can only obtain a maximum loan of $25,000 which was set at the time this act came into force in 1961. Such a loan may have been sufficient in 1961 to enable the owner of a small business to undertake a rather substantial expansion of his operations but, in 1967, such a maximum is not practical and a higher amount is required.

Furthermore, another section of this act should be amended. It is the section providing for a maximum interest rate of 5½ per cent. I admit, Mr. Speaker, that it is most important for the operator of a small business to borrow at a reasonable interest rate so as not to overly increase his operating costs, but what is a 5½ per cent interest rate worth if he cannot obtain credit from the bank?

When this 5½ per cent rate was set in 1961, there was a ceiling of 6 per cent on chartered bank loans, but since May 1967, the maximum rate has been raised to 7¼ per cent, and it is possible that early in 1968, that restriction on interest rates will be abolished. The Industrial Development Bank, a crown corporation, is not subject to such a rate. If the owner of a small business could get a loan more easily in order to improve or enlarge his plant, he might be able, by the same token, to increase his staff.

The other matter I would like to discuss is that of banking operations. At the first session of the 27th parliament, the house passed Bill No. C-222, an Act respecting Banks and Banking. I feel that this piece of legislation allowed more competition among chartered banks, as well as among other financial institutions. In its report, the royal commission on banking and finance made several far-reaching recommendations designed to promote imaginative thinking, to strengthen competition within the banking and financial system, and to make the financial policy more effective.

I have noticed, however, that since the act came into force, chartered banks, through various media of information or communication, offer their depositors an array of interest rates varying from 3½ to 5½ per cent. I admit that people can expect reasonable returns for their savings, but I have certain apprehensions with regard to the struggle for funds. Must it be waged to the detriment of borrowers, especially where personal loans and consumer loans are concerned? That is not what was intended by the legislator and the Porter commission.

At the present time, the interest rate ceiling on bank loans is 7¼ per cent, under section 91, subsection 3, paragraph (a) of Bill No. C-222. But it may be that early in 1968

the ceiling will disappear, and that to the 7¼ per cent interest rate discount fees will be added in some cases.

I hope, Mr. Speaker, that the government is going to keep a close eye on banking operations and that it will not hesitate to give directives to the banks if the interest rate on loans becomes exorbitant.

The Minister of Finance (Mr. Sharp) was very wise to extend until the end of October the period of time during which taxpayers, associations and other groups will be able to send him their comments and suggestions as to the recommendations of the royal commission on taxation.

As for the provinces, they will have until the end of November to give the minister their opinion about the views and the suggestions publicly stated by Canadians or handed over to them by those organisations.

Before a white paper on the report of the commission comes out, it is extremely important, Mr. Speaker, to emphasize the fact that the recommendations of the Carter report do not commit the government, legally or otherwise, to accept these recommendations, in part or in full.

When the white paper is printed, I hope the Minister of Finance and Receiver General will submit it to the committee on finance, trade and economic affairs in order to allow the members of this house to study its recommendations thoroughly and also express their views on the recommendations of the Carter report.

• (3:50 p.m.)

There is another subject I should like to deal with, Mr. Speaker and that is water pollution. In our region, we have that problem, the pollution of the Ottawa river and its tributaries.

A study of the purity of the Ottawa river water, recently published by the Ontario water resources commission, reports that in many places the waters of this river, from Pembroke to Hawkesbury, are not up to the prescribed standards of purity and that the necessary control measures will entail considerable expenditures which the municipalities concerned cannot afford.

Moreover, since that river is an interprovincial boundary, the federal government, through the Minister of Energy, Mines and Resources (Mr. Pepin), must continue to take steps with the provincial authorities of Ontario and Quebec, by calling upon them to co-operate with the federal authorities and join in with their technical and financial resources to solve that serious problem, as the municipalities and cities on both shores of the Ottawa hope it will be.

A few months ago, the federal government offered a $2 million grant to those provinces for the undertaking, as a pilot project, of a study not only of the causes and degree of pollution, but also of the cost and ways of correcting that situation. To date, the offer has not been accepted.

But I know that the minister is aware of this menace to public health and that he will certainly continue his efforts with the provincial authorities concerned.

On Tuesday, September 26, 1967, the hon. Minister of Forestry and Rural Development (Mr. Sauvé) inaugurated the new fishing complex at Rivière-au-Renard, to which the federal government contributed $3,192,940 towards a total cost of $7,617,880. The federal government's participation has been obvious in a number of projects, such as the construction of two trawlers, dredging operations and the building of wharves, a processing plant, sewers and water conduits, et cetera.

As was stated by the minister in Chandler on May 28, 1967, at the founding convention of the regional development council, there is a possibility that the government of Canada and the Quebec government may come to an agreement for the development of the pilot area covering, I think, eight provincial ridings of the lower St. Lawrence, the Gaspé peninsula and Îles-de-la-Madeleine.

That document will no doubt follow the pattern set by the B.A.E.Q., where the government of Canada paid half the cost or more than $2 million.

Mr. Speaker, I have listed those achievements and others which might become feasible in a rather near future because the people in the provincial ridings of Labelle, Papineau, Hull, Gatineau, Terrebonne, Pontiac and Argenteuil, are wondering when they too will be able to take advantage of large scale projects which come under the program known as ARDA, and the new program which this government passed in 1966 and amended in 1967, namely the act providing for the establishment of $300 million fund for the economic and social development of special areas.

Some will say that, according to one section of those two pieces of legislation, the initiative must come from the provinces, but again I urge the minister, when he meets along with his officials the people responsible for the ARDA program in Quebec, to clearly lay out before them the great needs of those areas.

In June 1963, pilot study No. 5044 was initiated with a view to classify and assess the major resources, and to improve employment and living conditions in the Rouge valley, which includes the provincial counties of Labelle, Papineau, Terrebonne and Argenteuil. It led to a number of recommendations to the authorities concerned. Amongst others, there was:

1. The development of an 855 acre community pasture for sheep breeding purposes in Marchand township;

2. The planting of 25 million trees on 25,000 acres of land, at an estimated cost of $1,300,000;

3. The construction of a 38-mile road connecting St. Sauveur des Monts and St. Remi d'Amherst;

4. The building of a tourist centre in St. Remi d'Amherst;

5. The construction of a vocational training centre for the retraining of rural workers.

I hope, Mr. Speaker, that the cost of such a study will not be useless, that it will be implemented and that other projects will result therefrom.

Going through the list of legislation that the government wishes hon. members to consider during this session, I find that the proposed legislation covers many fields but I also note that certain items mentioned in the speech from the throne at the opening of the second session of the 27th parliament have been left out, such as, for example, the increase in funds to broaden the scope of the program aimed at stimulating regional development; an act to provide long-term loans to farming and fisheries associations and corporations to permit them to develop facilities commensurate with the needs of such communities; and the amendment to the Farm Credit Act to enable young men and farmers' sons to develop and acquire efficient and economic productions units.

Mr. Speaker, a study of the loans granted by the Farm Credit Corporation shows that a large number of farmers take advantage of the benefits offered by that organization in order to increase their acreage, buy land and put their operations on a more economic basis. As a matter of fact, according to a study of the corporation's annual report, most of the new loans made during the last fiscal year, that is a total amount of $100,600,000 was used to that effect. Since most farm owners are well on in years, it is very important that the Farm Credit Act should be amended as indicated in the speech from the throne and I would hope, that those three measures will get a high priority during the 1968 session.

In closing, Mr. Speaker, I wish to say that a few weeks ago, as a member of the Canadian delegation to the meeting of the ministers of finance of the commonwealth at Port of Spain, Trinidad, and in Rio de Janeiro, Brazil, at the annual meeting of the International Monetary Fund and the International Bank for Reconstruction and Development, I was deeply moved by the respect and consideration Canada enjoys in international circles.

Mr. Paul Beaulieu (Saint-Jean-Iberville-Napierville): Mr. Speaker, I do not intend to take too much time and to rehash all the arguments that were advanced during the budget debate.

However, what surprised me most was the enormous increase in the revenues of our country since the party now managing our affairs took office. In fact, these revenues increased from $6 billion to $10 billion. In other words, the Canadian people has been taxed in an incredible manner.

• (4:00 p.m.)

Furthermore, we found that instead of a balanced budget, we face a deficit of nearly $750 million without taking into account other capital expenditures that are needed. And as an example, I shall quote a report I received recently from an Ontario university professor in which he stated that the government intended to set up a research centre at an approximate cost of $75 million for research in the field of electricity and nuclear energy.

This professor was of the opinion that the estimate of $75 million would unquestionably reach some $300 million. Well, there is no provision in the government's budget for such a capital expenditure, which would easily increase our country's deficit from $740 million to more than $1 billion.

What we find more striking is that, at a time when all the provinces are clamouring for financial assistance, for a better apportionment of the tax base, the Canadian government, which has stated through its ministers that the situation was normal and favourable, that 3 or 4 per cent of workers only were unemployed, which was normal, that our commercial balance with other countries was maintained at a practically normal level, has selected this period for a frightening deficit of almost $1 billion.

From a sound financial point of view, it is recognized that there are some periods of recession when it is permissible for a country, a province and even municipalities to show a deficit. But in a normal period such as the one we just went through, it is unthinkable for a government to submit such a financial statement.

What is going on? This is what I want to talk about. When—as I heard twice yesterday —government supporters specially from Quebec blame the previous governments for the unfavourable financial situation prevailing in Quebec, for instance, they are spreading those slanderous rumours heard throughout the country, and this can hurt not only Quebec but Canada as a whole.

Now, the truth is altogether different. It was alleged by the hon. members for Lotbinière (Mr. Choquette) and Verdun (Mr. Mackasey) that if the province of Quebec had to make so many capital expenditures it was on account of her previous reactionary governments. As a matter of fact, the province of Quebec was managed by Liberal administrations during forty-five years out of a total of sixty years. As I have been a member of the provincial government, I know whereof I speak. At one time, the province of Quebec realized that it should earmark several million dollars for education. Now that such expenses are deemed necessary today, some people try, nevertheless, to blame the administration which governed the province for some 15 years for the present situation. Now, the Quebec government of which I was a member in those days—and I mention it because it is important from the educational point of view—was as imaginative as the one we have today but it did not have its astronomical budget.

When I entered provincial politics, the total revenue of the province of Quebec was $100 million. When we left in 1960, this revenue was only $600 million. The people were not overtaxed. Since then, the total revenue of the province of Quebec has climbed to $2 billion, in less than 4 years. People say: We had to move fast, we had to spend fast. But what was this money spent on, Mr. Speaker?

When the government of which I was a member came into power, the University of Montreal was almost bankrupt, and the government I supported had it rebuilt on the top of Mount Royal.

People said that nothing was done about education, that the province of Quebec was backward, yet the government of which I was a member rebuilt Laval University in Quebec city with the funds at its disposal, making do with what it had, without overtaxing the people.

Is the University of Sherbrooke the product of a backward government, of a shortsighted government? Well, it was established under that same government.

But today the people of Quebec wonder where those $2 billion are going. Into the construction of highways perhaps, and, no doubt, into essential expenditures.

Mr. Speaker, we also hear that Quebec is a reactionary province with a reactionary government, and that this is the reason why Quebec is behind the other provinces. But this is further nonsense, Mr. Speaker. Who was responsible for Montreal being chosen as the site for Expo? The government of which I was a supporter.

At that time, Senator Fournier was mayor of Montreal. The Diefenbaker government was in power, and I was a member of the provincial administration. It was I who suggested that steps be taken in Paris to get Expo. Those were not the doings of a reactionary government, Mr. Speaker; today, we are reaping enormous propaganda benefits. Of course, what is past is past; one does not came back on it. After Canada had deposited $40 million, namely, $20 million from the federal government, $15 million from the Quebec government and $5 million from the city of Montreal, Mayor Fournier accompanied me to Paris to submit our application.

Three consecutive votes were held before the selection was made. If I insist on that point, it is because everybody is talking about Expo and yet, those responsible for it being held in Canada, in the province of Quebec

and particularly, in Montreal, are being called reactionaries.

Russia was chosen after the third vote, the result of the first two being 13 to 13 and the third, 12 to 14. But since Russia had three months in which to make specific plans, there happened the phenomenon expected by everybody: the Soviet union was reluctant to see all the countries of the world cross the iron curtain. If the world fair had been held in Moscow, one can imagine what would have happened: every country in the world would have gone over there.

Now Mr. Khrushchev withdrew and, automatically, as there were only two candidates, Canada and Montreal got it. At that time the government had changed; the Liberals were in power in Quebec, and Mayor Drapeau was elected in Montreal. We congratulate him and all those who took part in the project. On the other hand, to say that it was reactionaries who conceived of and gave birth to the project is sheer nonsense. Do not forget that the project is not one that Canada will see again for at least another hundred years, because first class world exhibitions such as the one we have had here used to be held only every seven years or so. Now, I think, they will take place every five years, alternating between continents and member countries.

• (4:10 p.m.)

And if, in spite of all their economic power, the United States did not succeed in obtaining it, it was because they were not members of the International Bureau of Exhibitions. The application must come from the country, from the state, not from a province or a city. Well, according to our information, when Washington was asked for its vote, it stated: "We are not members of the bureau." Why were they not? Because Washington would have been embarrassed to choose the site of the world exhibition. Would it have been New York, Los Angeles, Detroit, Boston or Chicago. Fortunately, as that intricate situation arose—and the hon. Mr. Diefenbaker was faced with it when he was asked the question—at that time, we were the first and only ones to apply.

Therefore, Mr. Speaker, it is unfair of the hon. members from the province of Quebec to criticize constantly past and present developments in their province. We hear the members from the maritimes, on the contrary, praise their province, and the members from the west try to help their people. That is why I wanted to say a few words to do justice in part to the province of Quebec as well.

The budget presented by the minister contains the following danger. It shows us a deficit of $1 billion on the very eve of the provincial premiers' conference. The premier of Ontario, Mr. Roberts, has arranged a meeting of all the premiers in Canada to take place in November. Apparently the government will not officially take part in the conference. That is a pity. At that interprovincial conference, the financial problem of the provinces will be considered. And the federal government is the only one which can meet their needs. Will the Minister of Finance give them an artless answer, as he often does. We remember the former minister of finance. He was anxious to keep foreign capital away while the present minister does not object to attracting it. The best proof of that is that there is now a bill before the house for the construction of another pipe-line to transport oil from western Canada. The charter is to be granted to a foreign country. Was not the party in office against that? If we cannot recover lost ground, what others have already taken, at least let us not lose more. We must be logical.

If, following a new distribution of revenues, provinces do not have the means, to make their economic situation viable, to what will they resort? New taxes? That is practically impossible. Loans? The federal government drains practically all of the people's savings for its own needs. The municipalities are now practically unable to secure loans. School boards which are reorganizing themselves throughout the province of Quebec, at least as far as I know, have all the trouble in the world to get financing. And, once again, the key is in the hands of the federal government.

The amendment to the National Housing Act increases the interest rate to 8¼ per cent. Of course, there are reasons for that. If it is only to stimulate construction and encourage private investments in addition to the funds supplied by the state in the field of housing, the interest rate makes sense. It would make it possible to get financing from other sources. But if the aim is really to help the poor, those who earn less than $7,000 or $8,000 a year—they are the ones who are in need of help—it is a failure. The others can get along quite easily. When people earn from

$8,000 to $15,000 a year, they can build themselves a house or quite easily find accommodation at an appropriate rent.

But what happens in the large cities? Just the other day, one of my clients told me: "I have a property valued at $15,000. I paid 1¼ per cent municipal taxes and 1 per cent school taxes, for a total of 2¼ per cent a year or approximately $300. The assessment system was changed and the assessment is now to be based on the real value. That man told me: "The same house, without anything having been done to it, is valued at $30,000, and the 1 and 1¼ per cent rates have gone up to 3 per cent. That means that on an assessment of $30,000, it costs him nearly $1,000 a year in school and municipal taxes only.

If you consider that in addition to this he has to obtain financing at the rate of 8¼ per cent to build, that he must heat the house and maintain it, you will realize that a $15,000 property is very modest nowadays, especially if you take into account the 11 per cent tax on building materials which the government was to eliminate but which it has decided to maintain because, apparently, it needs it. So, it is now practically impossible for average income people to build a house. That is why, Mr. Speaker, I felt it was important, in the interest of the people living back home, a working community of about 40,000 population, to raise these points that need to be emphasized during this budget debate.

For the information of those who criticized the legislation it enacted at the time I was there, the province of Quebec has a housing act which provides that insurance companies make loans at the rate set in the act. On the other hand, the borrower gets a 3 per cent refund of the interest rate back from the province so that the rate is reduced to approximately 3 or 3½ per cent. In fact, that encouraged the construction of new homes; it truly helped the people.

Now, if the federal government is really anxious to help the small people, it can set a limit. Those who earn less than the limit should be entitled to a reimbursement from the government so that they may have a reasonable interest rate.

Since we are on the budget, I want to mention an urgent problem that is prevalent in my area, that is the milk problem which has not been settled to our satisfaction. In fact, I am sorry that the minister is not here so that I could speak to him about it.

If we want to keep our people in the rural areas, we must give them a reasonable price for their milk, just as we must assure our farmers that they will be able to take advantage of crop insurance like the unemployed are entitled to unemployment insurance benefits when they are out of work. Farmers who lose a crop because of bad weather or for any other reason beyond their control, are, the next day, on the verge of bankruptcy.

We have also requested—and we shall continue to ask for it—the $100 a month old age pension which, of course, has been partly granted but that is not enough yet. Lots of people cannot meet the requirements of the legislation and are deprived of an income essential to their subsistence. Had the minister concerned been here, I would have liked to say a word to him about retraining. We want to retrain our workers and we say that men of 35, 40, 45 or 50 cannot carry on their trade, we shall pay them a salary of $75 a week; they will leave industry and go and retrain in our schools.

Now it is basic that what we need first are schools. There is a shortage of schools throughout the province of Quebec. Everyone knows that prefabricated schools are now being erected in several of our cities to meet the need of elementary and high schools until such time as the "polyvalent schools" are built. We need at least three, each one of which will cost several million dollars. How do you think we will find the space to train our workers for new trades?

Secondly, there is also a shortage of teachers in the province of Quebec. I looked into the matter trying to find competent people. Retraining demands competent teachers and not just a manual; you need someone who knows the trade, who is a master, an expert.

Now, I suggest that retraining should be done on the job. It would be better to help industry when it buys, or rents equipment, for in some cases the machines are not sold but rented and come with a technician to operate them. That is when the workers are told: you are not qualified to touch that machine. That is where retraining should be done. The man who accompanies the machine can easily give courses. If financial aid is

warranted, let it be given the industry, and let the worker stay where he is.

• (4:20 p.m.)

If our workers leave the plants to attend specialized schools which do not exist, and take courses from professors who are not available because they are now working for the governments, I doubt that having left their plants, the workers will be able to go back to their jobs.

Mr. Speaker, I wish to salute and congratulate the new Minister of National Defence (Mr. Cadieux) who is one of our distinguished fellow countrymen and a brilliant man. I wish him a better fate than that some of his colleagues have known in the Liberal party.

I take the opportunity to put the following question to him. He knows that the military college at St. Johns gives a university course. It is, it seems, on the same footing as or ranks second to the university of Kingston. Why is it that the students at the military college in St. Johns have to go to Kingston to complete their last year? Would it not be possible eventually to classify the military college at St. Johns as a first class university, so that its graduates are recognized. It is a bilingual school which has been visited by several members. It is high time that it receives its final christening and is considered on the same footing as the university of Kingston. That would add considerably to its prestige and especially to that of our young fellow-citizens.

I have already asked questions about the airport at St. Johns, but now we have a new minister. Today, in the difficult period we are going through in Montreal, we realize more than ever the importance of developing the airport in St. Johns.

St. Johns, in relation to the Expo islands, is located approximately 15 miles away. One gets there via Longueuil and St. Lambert. There is no need to go to Montreal at all. And I deplored, Mr. Speaker, the failure to continue the work started at St. Johns airport. The Minister of National Defence knows that hundreds of cadets are taking courses there at the present time.

The take-off run could be easily extended. As a matter of fact, it would be very simple, because the land now belongs to the federal government and it would be only a matter of completing the work. Instead of landing at Dorval, aircrafts could go on to Saint-Jean and from there, passengers could reach the islands of Expo or Montreal in a third less time.

When I referred earlier to the province of Quebec, I wanted to show that the federal government and the provinces must get together, if not to settle the matter once and for all, at least to start negotiations with a view to drafting our future constitution.

At the present time the complications are such that if we fail to take seriously the criticism voiced from various quarters, we will be faced with a serious problem. I am not ready to say that most of our people are dissatisfied, but I can say that Quebec is unanimous in asking for a new constitution.

The Liberal party in Quebec stated its position through the voice of its leaders. The Union Nationale party did the same. The Créditistes said a word about it in the house. Only one group is against it. But if we leave it up to those who would probably prefer to solve the problems through violence rather than discussions, we will be sorry sooner or later.

In view of the fact that our party has just chosen a new leader who before long will take a clear position on this issue, and that all the provincial premiers will hold a meeting in November, I believe the federal government would be well advised to take immediate steps to call a conference where the provisions of the constitution that lend themselves to more than one interpretation, would be clarified once and for all.

Personally, I have no hesitation, Mr. Speaker, in expressing my opinion. I have been in politics for nearly 25 years, including 20 in the province of Quebec, and everyone knows where I stand. I am in favour of the maintenance of the Canadian confederation, provided Quebec is given what it believes to be entitled to and French Canadians obtain what they have a right to expect according to the provisions and the spirit of the constitution.

Now, certain points of the confederation pact must be clarified as soon as possible. The longer this matter remains in abeyance, the more difficult it will be to solve. Those who often ask: "What does the province of Quebec want", I answer that, in my opinion, it is both simple and complicated. But what it wants especially is an absolute right to its educational system.

The Acting Speaker (Mr. Rinfret): Order. I regret to interrupt the hon. member, but the time allowed to him has expired.

[*English*]

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, following the usual pattern in a debate such as this our discussions have covered a wide range of political, social and economic problems. We have listened with a great deal of interest to many of the speeches made in the course of the debate and have noted that they have ranged all the way from problems of local or constituency concern to the major problems that confront us in the international field in far distant regions of the world. Therefore it may be rather difficult for anyone entering the debate at this stage to make any contribution that is truly original. However, running the risk of repeating some of the statements that have been made and the observations advanced, I want to deal particularly with some of the problems that cast a shadow across the doorsteps of hundreds of thousands of Canadians at the present time.

I think that much of the criticism levelled against the government at the present time is predicated on the charge that the government is not concerned about the problems that are facing the people of Canada or the problems that are facing the world. Personally I do not subscribe to this view. It appears to me that the government is aware of the problems but is seemingly unable to come up with the right answers. I would like to think that every member of the house, whether on the government or the opposition side, is endeavouring to face the problems of our relations in the world in an objective manner, earnestly seeking to find a solution, keeping an open heart and an open mind to suggestions that come from whatever source, and then endeavouring to resolve these problems in the interests of our people and the people of the world. Perhaps the developments in the field of technology to which the President of the Treasury Board (Mr. Benson) referred the other day will help to bridge the gap, and where human judgment and human wisdom fail machines will be able to solve our problems. As I have said, Mr. Speaker, this afternoon I intend to deal with some of these issues that are very close to the doorstep of a great many Canadians today.

• (4:30 p.m.)

First of all, I should like to refer to the continuing concern of our people about the cost of living. It is true that recent reports have brought to our attention the fact that there has been a slight decrease in the cost of living, particularly in regard to food. But when one considers the increases that have taken place over the past several months, the past several years in fact, the decrease is extremely small and should not give us any cause for jubilation. We should be reminded rather of the continuing problem that faces our people in their endeavour to obtain the food necessary to maintain a balanced diet and therefore contribute to their health in the days that lie ahead.

Much has been said in recent days about the increased cost of housing. I believe that this is one of the major problems facing the people of Canada from coast to coast. Just today I had a visit from one of the partners in a construction company in my own area. He outlined to me some of the problems facing the construction industry in the province of British Columbia and the absolute inability of so many people to meet the requirements for home ownership that exist today. One only has to consider, for instance, the skyrocketing cost of land or the increasing cost of construction, to which has been added the increase in interest rates, to understand why it is that so many people not only in the low but in the medium income brackets are unable to provide themselves with their own homes.

Just the other day it was announced that interest rates or N.H.A. loans were to be increased to a maximum of 8¼ per cent. In making this announcement the Minister of Finance (Mr. Sharp) expressed the hope that this move would contribute to a greater supply of capital in the housing field. It remains to be seen whether or not this will prove to be a fact. Of course, a great many people who should know are saying that it is not going to solve the problem.

So we have the increasing cost of living which is affecting particularly those on fixed incomes, those who have various pensions and those who have a stated income from month to month. Perhaps it is expecting too much that retired civil servants, our veterans or our senior citizens should be able to attain the objective of owning their own homes. However, I do suggest that they should have the wherewithal to provide for their own immediate needs in a way that is consistent with the dignity of the individual. I should like to refer to a statement made by the Minister of Finance as recorded on page 2810 of *Hansard*:

> The costs of our own operations increase as prices and wages increase and certain of the benefits we pay, such as veterans' disability pensions,

must in all fairness be adjusted from time to time.

I appreciate the fact that the minister recognizes the necessity of making further provision for our veterans by way of disability pensions. On many occasions I, as well as many other hon. members, have raised this question with the Minister of Veterans Affairs (Mr. Teillet). He has stated that the matter is under consideration and the department is still awaiting reports from committees that have been set up. He has, however, refused to fulfil a commitment that if a long delay should be involved in the tabling of these reports, further interim increases for the veterans would be considered. I suggest, Mr. Speaker, that in view of the constantly increasing cost of living those individuals to whom I have referred should be given consideration in order that they may be better able to meet the cost of living and provide the necessities of life. We hope the government proposals will, in fact, halt the spiraling cost of living, but I think even the minister is doubtful that the suggestions he is making are going to have the desired effect.

A great many Canadians are very disturbed about the increase in the cost of operating the federal government. The minister has indicated, according to a reading of page 2809 of *Hansard*, that restraint must be exercised in the various fields of endeavour in the different sectors of our economy. I do not believe that the federal government should be relieved from the responsibility of practising what it preaches. Expenditures should be curtailed wherever curtailment would be desirable.

I read with a great deal of interest the speech made by the hon. member for Coast-Capilano (Mr. Davis), who pointed out in a clear, concise manner, some of the areas in which he felt the government ought to act and act decisively. I agree with the hon. member for Coast-Capilano and I hope the representations he made will have the desired effect upon the government.

The minister referred, as is indicated on page 2810 of *Hansard* to the increase in public debt charges. He said that our public debt charges are increasing. If we refer to the statistical sheet which is included in the book of estimates for the year ending March 31, 1968, we see that interest on the public debt will be $1,273,906,400. This is a colossal amount to pay annually solely for interest and carrying charges. It includes nothing at all by way of payment on principal. We pay $1,273 million odd for interest charges alone. No wonder the minister is becoming alarmed. The public is becoming alarmed. The government should give careful consideration to this item in its annual spending and make provision for its reduction and eventual elimination.

• (4:40 p.m.)

The minister said, as found on page 2811 of *Hansard*:

> We must of necessity restrain our demands on the capital market.

The Social Credit party has advocated that for a long time. We have said that it is not necessary for the federal government to borrow money on the open market for various types of projects because the government has access to the Bank of Canada and the Bank of Canada can make available to the federal government sufficient capital to meet its obligations in various fields of activity. The bank can meet the needs of provincial and municipal governments also. We have recommended for a number of years that the Bank of Canada should progressively take over the national debt of the nation. Even if interest were collected it would go into the consolidated revenue fund, with the desirable effect of reducing interest charges and to the greatest extent eliminating them.

Some days ago the President of the Treasury Board indicated that what I have spoken of was being done to a certain extent. We urge that this program be expanded and that the Bank of Canada be used more and more to meet the needs of the federal, provincial and municipal governments in regard to social projects. This would leave additional money for commercial and industrial development and, should the government so desire, would lead to a lowering of the taxes imposed on Canadians.

There is nothing revolutionary about this suggestion. It has been put forward many times. I appreciate the constant support of the hon. member for Kootenay West (Mr. Herridge) in this respect. Our group appreciates the support he has given to these proposals.

Mr. Knowles: Do not forget the President of the Privy Council (Mr. Gordon).

Mr. Patterson: We appreciate the support of the President of the Privy Council as well.

I wish to raise another matter which has possibly been implied already in my observations. I refer to the problem of increased taxation. We all know that throughout the years the dollar has lost a great proportion of its purchasing power. A dollar is not a dollar any more; it is worth a few cents. We find, nevertheless, that more and more of the

Canadian taxpayers' money is being drained off in taxes. The government's attitude seems to be that the people of Canada are absolutely incapable of handling their own affairs or of using their income in a proper way. As a result a paternalistic government has drained off a great percentage of the taxpayers' income and handled it for them. Apparently the government does not trust the people to handle their own affairs. The present tax load is intolerable; yet we are threatened with a further increase in taxation. I ask the Minister of Finance, how much more can he take from the taxpayer without killing the goose that lays the golden egg?

For years our group has advocated a revision of our entire tax structure. Presumably the commission that was set up to look into this field was engaged in this task. Its report has been tabled. Instead of seeking to reduce the taxes imposed on Canadians the Carter commission report tells the government how it can take more money from them. Instead of revising our tax structure to reduce the burden it has revised the tax structure to increase the burden. Many of its recommendations will require careful analysis. The government is aware of this. Contrary to the first suggestion that the commission's recommendations would be put into legislative form this year, action with respect to them has been delayed for a considerable period—perhaps the longer the better.

Instead of finding ways to increase taxes the Minister of Finance, if he cannot find ways of reducing taxes, ought to hold the line. If he wishes to have suggestions we can give him some.

Mr. Sharp: May I ask the hon. gentleman a question? I wonder how he explains that the Carter commission was not converted to the philosophy of Social Credit?

Mr. Patterson: I beg your pardon? I did not hear that.

Mr. Sharp: I asked the hon. gentleman, Mr. Speaker, how it was that the Carter commission was not converted to the principles of Social Credit.

Mr. Patterson: Possibly the Carter commission did not learn some of the lessons the government has learned. The government has begun to implement some Social Credit principles. The President of the Treasury Board (Mr. Benson) acknowledged that the other day. If we keep hammering away long enough even the commissions that are set up will take note of our suggestions. Perhaps the government will incorporate them in its thinking. I can assure the minister that our suggestions will prove beneficial for the economy and will have a happy effect on the people of Canada in general.

I have dealt with three matters that I wished to discuss this afternoon. I have several more but I will not take up the time of the house. I trust that the government will consider the problems which are so close to the doorsteps of hundreds of thousands of Canadians, the cost of living and the government's spending program which results in a continuing increase in the tax load, a tax load which has become intolerable and which, if made heavier, will result in a decrease in the government's revenues rather than an increase.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I intend to say something about the budget and about economic conditions generally, as others have done in this debate. First, however, I wish to say something briefly about external affairs.

• (4:50 p.m.)

The minister was the recipient of a few brickbats today from the hon. member for Prince (Mr. MacDonald) and they were probably deserved. I have a bouquet for him. I was at the United Nations as a parliamentary observer when the minister made his statement to the general assembly and I was very pleased to hear the statement he made concerning Viet Nam. He suggested that the United States should cease bombing North Viet Nam as a necessary step toward peace negotiations. He did not say this would necessarily bring about peace negotiations between Washington and Hanoi but he did say it was worth trying. I give the minister full credit for making that statement though I must say it was long overdue. An increasing number of Canadians has been wanting the minister to make such a statement for years. Certainly members of this party have brought up the subject in the house on every occasion when it has been possible to do so. We had an ally later in the person of the President of the Privy Council (Mr. Gordon) who expressed a similar opinion. Others in university faculties, in the Christian student movement and so on have voiced this idea. The minister might like us to think he was choosing his own time in making the statement he did before the United Nations but I have too much respect for him as a politician to believe he was not affected by the growing public opinion in Canada in favour of such a move.

When people ask me whether it is any use writing letters to members of parliament or

sending petitions to the government, I tell them it is. It may take a long time to achieve the desired result but if they wish to make their opinions known to the government these efforts must be made, and I am certain the Secretary of State for External Affairs (Mr. Martin) was influenced by the opinions of large numbers of Canadians who wanted the Canadian government to make a statement on Viet Nam such as he ultimately made.

To return to the subject of this debate, the budget and the economic health of the country, may I say I have listened to the discussion with a great deal of interest. There have been numerous quotations from the report of the Economic Council of Canada. Some hon. members have condemned the level of government spending and a number have made specific suggestions as to the manner in which reductions might be effected. Later I shall make some specific suggestions in that connection, as well as suggestions as to how money might be spent.

Listening to the speeches of some hon. members I got the impression that they believe the Economic Council has called for a reduction in government spending. This is not the case. Let me quote directly from the fourth annual review of the Economic Council, as others have done. On page 261 we read:

> These developments have led to a growing uneasiness in Canada about the current pace of the over-all advance in government spending. The Council shares this uneasiness, but we feel that it is important to place it in the proper context.

The council is not referring here to the federal government alone but to all governments, the ten provincial governments as well as to the municipalities. The council does not call for a decrease in government expenditures. It points out that government expenditures—again, I emphasize, the expenditures of all governments—have been increasing at a rate faster than the increase in the gross national product and suggests that a hard look should be taken at existing government spending and proposed new programs. The council does list criteria for examining future programs. Before proceeding, may I add that the Economic Council has made a number of suggestions which have called for increased government expenditure. In its report last year it emphasized the importance of education, telling us that Canada was behind the United States and that a great deal needed to be spent in this field. This year the council places great emphasis on housing, another field which will call for great expenditure by all levels of government.

The council did, nevertheless, establish some criteria which it felt should be borne in mind before new spending is undertaken, and on page 262 of the report it lists four questions which it says should be asked before any new expenditures are approved. But we need to be clear about one thing: government expenditure is not going to decrease, either in Ottawa or in any of the provinces or in any of the municipalities. It must increase. It cannot be otherwise in a growing country where services are required for a growing population at a time of increasing productivity. But though I believe the amount of government expenditure must increase, this is not to say that certain economies cannot be made in the total amount. I think some should be made but I believe the amounts saved should be transferred and spent in other directions.

In his column last week Mr. Charles Lynch made an interesting observation. He wrote that the Economic Council had been less than helpful to the Minister of Finance (Mr. Sharp) by recommending in general terms that certain obsolete programs supported by the government should be cancelled and not saying which programs would be affected. I also noticed in a column by Douglas Fullerton a suggestion that there were many programs in connection with agriculture and fishing which were no longer necessary, were a drain on the public treasury and might well be abandoned.

It seems to me that the Economic Council would be of great help to any minister of finance if it were more specific about what it means when referring to obsolete programs. Perhaps it could suggest particular programs which it felt were obsolete. I can well understand the difficult political problem which would face any minister of finance who wanted to cut out, for example, some farm or fishing subsidies. But the Economic Council seems to be held in such high regard around here that possibly, if it made specific suggestions, the minister could turn to hon. members and say: The Economic Council suggested it, so it must be all right.

Mr. Sharp: The chairman did make some specific suggestions.

Mr. Prittie: Particular ones? Thank you. I will refer to that in more detail later.

I have listened with interest to various hon. members who have tried to indicate where reductions in government spending might take place. Incidentally, these were usually in areas other than their own. I have noticed a

general attack on spending by the Canadian Broadcasting Corporation but in most cases no particulars were given and no suggestions were forthcoming as to where cuts should be made. Did the corporation spend too much last year on covering the Pan-American games in Winnipeg? Did it spend too much on coverage of Expo '67? Did it spend too much on the Progressive Conservative convention? What we hear are generalities —nothing specific.

When the report of the Economic Council came out I noticed that there were loud cries from the provincial premiers about what a bad job was being done in Ottawa. One of those who protested was Mr. Roblin. However, he later addressed a letter to the federal government maintaining that the Air Canada base in Winnipeg ought not to be moved, that Air Canada had been taking into account strictly economic considerations and that social considerations ought to be taken into account. He may well be right. But social considerations often cost money. So on the one hand we find him condemning the government for spending too much while on the other he is suggesting a course of action which might cause additional expenditure.

The hon. member for Yukon (Mr. Nielsen) made a biting attack—

Mr. Sherman: Could I ask the hon. member whether he is advocating, speaking either for himself or as a representative of his party, the removal of the Air Canada base from Winnipeg or the closing of those facilities?

Mr. Prittie: I am too close to the hon. member for Winnipeg North Centre (Mr. Knowles) to be so bold as to do that. I am not advocating that. The government might well take into account social considerations rather than purely economic considerations when reaching a decision. The inconsistency occurs when politicians, either federal or provincial, suggest that the government is spending too much and then make proposals which will perhaps cost more money. I am not saying, either personally or for my party, that this base ought to be moved. It might well be that social considerations should be taken into account. Let us be clear about that.

Mr. Knowles: Hear, hear.

Mr. Prittie: I was interested, too, in the speech by one of my colleagues from British Columbia, the hon. member for Coast-Capilano (Mr. Davis). He thought that the building of a causeway to Prince Edward Island might well be put off. He said that in British Columbia cargo and passengers were transported from Vancouver island to the mainland at much less capital cost than the cost of this causeway. On the other hand, however, the hon. member justified the federal government spending money for a crossing of Burrard inlet which, it so happens, would connect his riding of Coast-Capilano with the city of Vancouver. He thought that the Prince Edward Island causeway could go but that the crossing in Vancouver should stay. In passing I would like to say that the proposed crossing of Burrard inlet is going to cost around $100 million. The federal government is putting up about $16 million as a grant and the rest will be made available in the form of loans to be repaid through tolls on the crossing.

• (5:00 p.m.)

I suggest that this is no business of the federal government. It is a responsibility of the government of British Columbia which it is evading. I do not think the federal government should be accepting that responsibility even though most of the $100 million involved will be made available in the form of loans. Presumably the federal government will have to go into the money market to borrow that money, and I thought one of the objectives of the Minister of Finance was to cut down the demands of the federal government on the money market.

Again, we heard from the hon. member for Yukon (Mr. Nielsen) who, as I say, made an exceedingly devastating attack on government spending. But he was not very specific about the Yukon. It seems to me that territory requires a great deal of federal money to keep it in existence. And so we have these generalities but not too many specifics. These members made specific suggestions which had to do with somebody else's part of the country but did not involve their own.

I would like to make a couple of suggestions to the government, although I do not think for one minute that it will seriously consider them. Recently a number of people, and not just solely members of the N.D.P., have been suggesting that a hard look be taken at the Canadian defence budget. For example, the NORAD treaty comes up for renewal this year. In a recent column in the Toronto *Globe and Mail* John Gellner, military critic for that newspaper, suggested that the action of the United States in setting up an anti-ballistic missile system will cause us increased expenditures. Mr. Gellner did not suggest that we would be paying for part of the A.B.M. system, but he did suggest that at the same time the United States would try to

modernize its defence against conventional air attack and this would cost us money. He said that all indications were this would mean an increase in our defence budget and we should consider whether or not we ought to continue to engage in this game.

There is also the question of NATO. A very large amount of the Canadian defence budget is going into NATO. I think it was John Holmes who recently suggested that our forces in NATO are not very big but really represent a psychological factor to prove to the Europeans that we are with them. This, however, costs a great deal of money.

I do not advocate that if the government accepts my suggestions about NATO and NORAD the money saved should be used to reduce taxes. I believe that the money thus saved should go into external aid, a field in which we are not doing our full part yet. The Secretary of State for External Affairs (Mr. Martin) has forecast that by 1970-71 we will reach the point where some 1 per cent of our gross national product will be devoted to external aid. I think we should speed up this activity and get beyond one 1 per cent by 1970-71. I am suggesting that any savings which might be made in the defence budget could be used for that purpose.

Every day the problem of the developing countries comes to our attention. Recently a conference on education was held in Washington and it was suggested by the director general of UNESCO that the amount now spent on external aid needs to be tripled in the next few years. Further, we just had a report from the Food and Agricultural Organization pointing out the problem of growing population and showing that the food production of the world is not increasing in ratio to the growing population. I suggest that the proper world defence for Canada to engage in is this sort of thing and not the type of defence in which we have been engaged in the past.

Last week the hon. member for York-Scarborough (Mr. Stanbury) made a very fitting speech. In it he advanced an idea that he has presented previously, as some of us have also, that there ought to be a federal department of housing and urban development. The housing crisis in our country has been highlighted recently and we have had debates on it in the house. Strictly according to the constitution housing is a provincial responsibility, but I hesitate to think how much less housing we would have now had it not been for the federal initiative shown through Central Mortgage and Housing Corporation, and how much less urban redevelopment we would have had it not been for this federal agency. This is a field in which we need to spend a great deal of money.

I wish to deal with another subject briefly, the third annual report of the Economic Council with respect to education. In doing so I use the word "education" in the broad sense. I do not make the distinction which the government does between education and training. To the government training means trade training for a short period of time and education means that which takes place in regular institutions.

I think an unfortunate decision was made by the federal government a year ago this month when it decided to withdraw from the field of financing universities. True enough, it promised to transfer to the provinces a certain amount of income and corporation taxes to be devoted to universities and at that time it said that the matter of manpower training, trade training, would be handled on a national scale through the new Department of Manpower and Immigration. This is very unfortunate.

For some reason we can take a national approach to trade training but we cannot take a national approach to the very important type of training which takes place in our junior colleges and universities. For a number of reasons this is unfortunate. First, I am concerned, about the fact that since universities from now on will largely derive their finances from the provinces this will lead them to be too much under the control of the provinces. We all know that the elementary and secondary schools of the country are completely under the control of the provinces. The provinces can decide what will be taught in the courses, which textbooks will be used, and who will teach in the institutions. The provinces have very complete control if they want to exercise it, and many of them do.

But we usually think of universities as places where there is more freedom of action, where more research can take place, and which do not have direct government control. I have a feeling that if the universities depend more and more for their finances solely upon the provincial governments some provincial governments will begin to exercise an undue amount of control and the universities will not be the type of institutions that we want them to be where free learning can take place. I would not want to see the universities in the same position as our elementary

and secondary schools which are tightly controlled from provincial capitals by a bureaucracy.

Another aspect which must be considered is that among students at post-secondary schools there is greater mobility than in the lower levels of education. I would suppose that at Carleton University in Ottawa there are students from every province in Canada and that the same applies to the University of British Columbia and McGill. This is the way it should be. Universities tend to specialize. Each has its strong departments and a student will leave his own province to go a university somewhere else which has a good department in the discipline he wishes to study. Further, it is good for young people of that age to get away from their own province and see other parts of Canada.

I suggest that there should be some type of national approach to post-secondary education in colleges and universities. This is a very important subject and I do not feel that by having the ten provinces go it alone we will develop a national approach to education. Furthermore, I do not think the provinces are going to be able to finance the tremendous costs involved in the universities. In a study made by Edward F. Sheffield, director of research, Association of Universities and Colleges of Canada, it is estimated that by 1976-77 there will be 500,000 university students. I cannot see all the provinces handling the increased costs that will result therefrom.

● (5:10 p.m.)

To sum up that point, I believe the universities should receive their funds from the provinces, the federal government, and from foundations and industries in whatever amount they can get as they do at the present time. I know there are problems involved. I see that the Minister of Justice (Mr. Trudeau) is listening; he is well aware of the situation. We both realize that some people give a very liberal interpretation to the word "education" as it was used in the British North America Act while others claim that education is strictly a provincial responsibility and that the federal government should have nothing at all to do with it. I suggest that had federal funds not been available in the past few years our universities would not have been able to expand to the extent they have. Indeed, at the present time certain federal funds are still going to the universities. For example, last week it was announced that the University of Toronto received $34 million for their medical faculty and for medical research.

[Mr. Prittie.]

There are a number of problems such as the question of university financing and the question of a department of housing and urban affairs, which was mentioned by the hon. member for York Scarborough, which need to be settled. I think this makes it more necessary than ever that we get on with looking at the constitution. Many people in this country, including the hon. member for Greenwood (Mr. Brewin), have suggested it is time we started to study the constitution, that we should have a conference on that subject and redraft the Canadian constitution to bring it in line with 1967 and the needs of the urban Canada of 1967 which is so different from the Canada of 1867. At times I feel very frustrated in respect of this subject. I look at the United States where the constitution is not too different. Their constitution gives to the states rights in respect of education. It gives them the primary responsibility in respect of housing and the primary responsibility for road building. I also note, however, that there is much more federal-state co-operation in these fields and that the federal government does make funds available for schools, road building and urban development.

When this subject is brought up in Canada we always face the constitutional problem that there will be great objections from the provinces and, let us be frank about it, particularly objections from the province of Quebec. If we want to do the kind of job that must be done in education and the kind of job that must be done in the urban field as outlined by the economic council, this constitutional problem must be considered and the sooner we begin talking about it the better. There are some signs that there will be a start. The Minister of Justice felt until quite recently that the time was not ripe, but apparently there has been a change in his thinking and a conference will be held early in the new year. I hope that when such a conference takes place the representatives from the federal government, the federal parliament—I hope they are not just government representatives—and from the provincial legislatures will try to keep in mind not only the question of what power they can garner for themselves but also what is the best way to serve the Canadian people. That is what governments are for. They must consider the best way to go about redeveloping our cities, supplying houses, financing university education, and how to best serve the people. Otherwise, what is the point in having government at all?

In conclusion I should like very briefly, and I suppose rather lightly, to comment upon

some of the ways in which expenditures might be cut by the government. As I have said, however, I do not think the total-expenditures can be cut. They must increase if we are to meet the obligations of the last half of the twentieth century in Canada. I commend again to the Minister of Finance (Mr. Sharp) the speech made yesterday by my colleague the hon. member for Waterloo South (Mr. Saltsman) who suggested that a very different approach may have to be taken, that it is not good enough to leave decisions to the market place and that a greater involvement of government in fiscal and monetary matters as well as economic planning will be necessary to solve many of the problems we face today. I do not think the recent decision of the Minister of Finance to cut down on the demands of the federal government in the money market or the decision to raise the N.H.A. interest rate in the hope of attracting further funds will really solve the housing problem. A much greater involvement by the government in co-operation with the provincial governments will be necessary. If we are to solve these problems, we may as well face the facts and get down to the job.

[*Translation*]

Mr. Jacques-R. Tremblay (Richelieu-Verchères): Mr. Speaker, may I, before making my maiden speech in the house—

Some hon. Members: Hear, hear.

Mr. Tremblay: —express a wish,—the wish to a young Canadian who hopes to enjoy happy days in a peaceable and united country.

Mr. Speaker, the Canadian people should be grateful at this time for the services of a man of the stature of the hon. Minister of Finance (Mr. Sharp). This devoted servant of the Canadian nation never hesitates to take courageous steps in order to ensure a well-balanced administration.

Naturally, it would be far easier for me, and certainly more spectacular, to voice criticisms and make suggestions—indeed this is the prerogative of my hon. friends opposite, but being a novice, as I am not yet immersed into parliamentary life, I feel that I am still a member of the electorate. Consequently, I bring a rather objective testimony, which reflects the opinion of the grassroots, that of the man in the street, which indeed I am.

As a representative of a semi-urban constituency, I discovered wide differences of opinion in my area. Recently, I was able to note the people's reaction to the financial policy of this government.

The minister's budgetary estimates tend to cut expenditures and, to this effect, various departments have been called upon, in some cases, to curtail their expenses.

However, I hope that the Canadian people, who are willing to make the necessary sacrifices, will not suffer in their family life from the limitations involved in such a program of economic stabilization.

As a resident of the province of Quebec, I am aware, Mr. Speaker, that our unemployment rate is high and that the prevailing conflicts of opinion in various parts of the province, has caused uneasiness among investors, so that there have been flights of capital here and there. Even yesterday's newspapers were saying that an important section of our population, particularly our financiers and the Jewish population were shipping large amounts of money outside the province of Quebec.

Moreover, there are rumours that several important firms which do business in all parts of the country are thinking of moving their headquarters away from the province of Quebec. If that is true, the situation is deplorable.

I should like, Mr. Speaker, to join clear-thinking French Canadians, those who believe in a united and a strong Canada, in supporting the 57 government supporters who represent all classes of society in our province and who, in a unanimous message, ask their English-speaking fellow Canadians to realize that Quebec has changed and that it is also a part of the twentieth century.

• (5:20 p.m.)

Mr. Speaker, if we cannot imagine Canada without Quebec and vice versa, Quebec without Canada, let us not take it for granted that the French province of our country is ready to miss the opportunity for emancipation from a constitutional, economic and social viewpoint.

To my English Canadian friends, I say once more: Stop asking yourselves the traditional question: "What does Quebec want?" My friends, you know, and you see Quebec's wishes: To be recognized as a distinctive ethnic entity integrated to the rest of the country, of course, but with the recognition of its rights and privileges everywhere, from sea to sea, without restriction, as is the case for you in our province.

This requirement will become part of the Canadian constitution, I hope, as the government intends to do next January, with the bill concerning the rights of the Canadian

citizen, not to use the almost obsolete term of Bill of Rights.

It must be understood, Mr. Speaker, that the feelings of a whole people have been roused, and the go ahead signal in our daily life, in every field, has made us realize for some years now that we want to be full-fledged Canadians and therefore we must be recognized as such by our English-speaking fellow citizens.

Mr. Speaker, I am fully aware of witnessing, along with the entire population, these decisive hours for our country. In my opinion, it is the logical consequence for a nation that wishes to develop, to free itself and to take in all those various constitutional formulas.

The leader of the Quebec wing, the Minister of Manpower and Immigration stated recently:

> Those who scheme to bring about a divorce between the people of Quebec and their federal representatives are knowingly seeking the destruction of Canada.

Men such as the one I have just quoted deserve our confidence.

Mr. Speaker, we too from Quebec are making a useful contribution to the federal parliament; we have our de Gaulles, our thinkers, our leaders able to face the facts as they really are.

I am quoting here the hon. senator whose statement was the highlight of the recent Montmorency conference.

> Let us not act in such a way as to alter the true facts into a chasm.

In all the upheaval that befogs the current political atmosphere, our first concern should be to seek the living standard within the Canadian framework. The concerns of ordinary mortals, of the man in the street, is with the standard of living; the daily bread is the uppermost question in his mind. That is why, in my humble judgment, I favour appreciable reforms of the constitution but I unconditionally reject any clause that might tend to isolate Quebec and force it to segregation. And as our youngest minister already said, let us favour the policy of presence.

This brings me to the financial situation of our country, and I would not want the occurrence of a tragedy that would place my province under the yoke of isolationism. Quite recently, when one of the most famous tourists in Hawaii stated:

> No China wall around Quebec.

We all heaved a sigh of relief, and the strain was markedly eased.

[Mr. Tremblay.]

The Prime Minister of Canada (Mr. Pearson) told us yesterday that, to date, eight provinces were seriously considering his invitation to attend a federal-provincial conference slated for next January. Well, the detente was further increased when the provincial Liberals came out openly against separatism.

So, it should be realized that sides are now being taken, and that this centennial year will end in a blaze of optimism and constitutional oecumenism, as the hon. member for Lotbinière (Mr. Choquette) called it.

In conclusion, Mr. Speaker, once again I appeal to all my English-speaking compatriots whom I like a lot, not to watch passively what is happening in Quebec. We have here men of great value who are ready to do anything to promote unity in Canada and our Minister of Finance and Receiver General (Mr. Sharp) is one who, by his gift as an administrator and his great qualifications in human relations, is trying to develop a prosperous Canada, financially balanced, and first of all united and harmonious.

[*English*]

Mr. F. J. Bigg (Athabasca): Mr. Speaker, we have a great many problems at home in Canada today which I should like to discuss if I had the time. However, there is a problem abroad which far transcends all our domestic problems. I refer to the deplorable fact that most of the people of Canada are being systematically brainwashed. I am not accusing the present administration of having a hand in this, apart from the contribution they make because of ineptitude. I give this administration full credit for meaning well. Nevertheless this ineptitude on the part of those in positions of responsibility to this house and the nation makes it evident that they are guilty of serious neglect.

Although I am not an expert on foreign affairs I intend to take a few minutes of the time of the house to attempt to outline what is so obvious to me as a layman and novice in foreign affairs. A true picture of the international situation is not being presented to us. We have an enemy in this world, international communism and I am in no way hesitant about saying that. These people have friends in this country, although as I have said before I do not think any of them sit in this house

The Canadian war crimes tribunal organization which seeks to put President Johnson of the United States on trial for his so-called war crimes is allowed to operate. Free discussion in Canada has always been

our prerogative and I would be the last to suggest that a person does not have the right to say what he wants as long as he is willing to accept the responsibility involved. Having regard to the anti-United States propaganda to which this country has been subjected, I have waited in vain for a clear voice from the fourth estate, from the television and radio media, yes, even from responsible members of the government and of this house, to give what I consider a fair and balanced picture of the situation.

• (5:30 p.m.)

It is passing strange that Ho Chi Minh, the leader of the North Vietnamese and the soul of the Viet Cong, should always be given the benefit of the doubt and favourable publicity. I have in my hand a paper which clearly indicates in straight, factual terms, Mr. Ho Chi Minh's record. I think it would be fair, and perhaps interesting, to know in chronological order what have been the actions of Ho Chi Minh during the last 47 years and what have been the actions of one Lyndon B. Johnson, who bears the responsibility both militarily and politically for maintaining the freedom of at least the western world, and in Viet Nam certainly some semblance of freedom amongst the small nations of Asia.

On December 25, 1920, Ho Chi Minh, a Viet Nam born Chinese, became a member of the Marxist wing of the French socialist party while attending the party conference in Paris. Lyndon B. Johnson was at this time attending high school in Johnson City, Texas. He had the same kind of background as most of us in the house have enjoyed. He was raised on a farm and received a western-style free education.

Lyndon B. Johnson found it necessary to work with his hands and learned that he needed energy and individual effort in order to finish his schooling. Ho Chi Minh was educated at the expense of the international socialist party. In 1923 Ho Chi Minh became the editor of *Le Paria*, a French communist publication, and received one year's training in Moscow. In December, 1924, he was sent to Canton, China, as interpreter for the communist Michael Borodin. At that time Lyndon B. Johnson was graduating from high school as president of his class and had already achieved a reputation as a debater.

At that time President Johnson did not know of his rendezvous with fate. He did not know that he would one day be President of the United States. In fact, he scorned higher education. He was a young, energetic man who went out looking for work, which was not easy for an untrained man to find even in those days. It was difficult for him to find suitable work to which he could devote his great talents. Therefore Lyndon B. Johnson wandered about the United States working with his hands. He graduated from the school of hard knocks. Lyndon B. Johnson recognized that education was necessary for all young people and he went back to school.

In January, 1930 we find that under Ho Chi Minh's leadership a conference was held in Hong Kong with Chinese communists to integrate three Vietnamese communist parties, the Oriental Communist Party, the Annamese Communist Party and the Oriental Communist League. These became the communist party of Indo-China, a branch of the Third International of Moscow, and it so remained until 1940.

Let us go back to our friend Lyndon B. Johnson. He enrolled at Southwest Texas Teachers State College and became a school teacher. He was a school teacher for a year. He then continued his studies at college, obtained a degree and took up public speaking. He was just a nice, friendly school teacher. In 1931 Lyndon B. Johnson, having a great interest in politics even from his early years, became secretary to a congressman. Mr. Hoover was the Republican president. From his early days Lyndon B. Johnson was a liberal with a small "l".

In 1932 Lyndon B. Johnson attached himself to Mr. Roosevelt's administration and worked unceasingly for the New Deal. I think the most rabid of critics of that program cannot say that the New Deal was anything but a tremendous attempt to maintain the dignity of the individual and the right of little people to share in the great wealth and progress of North America.

On May 19, 1941, Moscow disbanded the Third Communist International. The Vietnamese communist party established the Doc Lap Dong Minh, or the Viet Minh, to wage guerrilla warfare. They went underground. Who was the spiritual leader of this group? It was Ho Chi Minh. In 1940 Viet Nam, together with most other southeast Asian countries, was occupied by Japan. At the end of the eastern theatre of world war II the power of the United States was ascending. Ho Chi Minh at this time continued his program of the march of communism.

Where was Lyndon B. Johnson at this time? He is a man who has always thought for

himself. He heeded United States' public opinion and came out flatly for entering world war II on the side of the free nations. In 1941 England stood alone. Lyndon B. Johnson, who has always been a very strong nationalist, came out flatly in favour of his country fighting with Britain. He said that the United States needed the draft and he worked toward that end. Mr. Johnson was the kind of man who did not only talk but acted. He stood for principles. He promised the young men of the United States, on the day he voted for conscription to send America's young blood to fight for freedom, that he would be with them. Less than three hours after he put his name to the draft bill Lyndon B. Johnson joined the United States navy. He worked in the theatre of war in which Ho Chi Minh was working underground with the communists.

President Johnson, as he now is, served as a volunteer lieutenant in the United States navy. His short term of service in the Pacific was exciting. His courage was rewarded by being decorated by his country. The president of that day, believing that Lyndon B. Johnson and his ability to organize the war effort were of more use in Washington, ordered him back for duty.

(5:40 p.m.)

On August 15, 1945 Japan surrendered to the allies. On August 17 and 18, 1945 an uprising was provoked in Hanoi. On August 19, 1945 Ho Chi Minh launched his take-over. On September 2, 1945 Ho Chi Minh established his régime in Hanoi, ousting Bao Dai, the former emperor of Annam. Where was Lyndon B. Johnson at that time?

Mr. Mather: Mr. Speaker, I wonder whether I could ask the hon. member a question. I was very interested in his remarks but would he say whether he is in favour of or opposed to the general budget which I thought we were considering?

Mr. Bigg: I am speaking about something which affects every dollar we wish to earn in Canada and every dollar we wish to spend. It is only in the budget debate that an amateur like myself can say what is in his heart, and I am quite sure that while I stand here and speak every hon. member within hearing of my voice knows that I speak with the firm conviction that we are only hearing one side of the story. I would take my seat if I did not think this was so. I cannot imagine anything more important for Canada than national survival and I cannot imagine national survival for Canada unless there is the fullest co-operation between our country and the United States of America. We rely on them at this time for any defence of our continent. We rely on them entirely to protect our skies and if in the future intercontinental missiles are to be stopped on their way it will be farsighted men like Lyndon B. Johnson who will be able to provide the kind of leadership which we require in this country.

Mr. Mather: May I ask the hon. member one more question? I appreciate the hon. member's reply to my previous question but what I asked in fact was whether he is in favour of or opposed to the budget?

Mr. Bigg: I listened with considerable patience while the hon. member spoke and I wish he would give me the same forbearance.

Mr. Mather: On a question of privilege, Mr. Speaker, I have not spoken.

Mr. Bigg: I might say that I do not expect my speech to be widely read and no political advantage whatsoever will be gained by injecting that type of question into it. I have spoken about my concern, and it is only in the budget debate that we can speak about such matters. If the hon. member wishes me to speak about the budget in detail, I will get to that subject where we discuss the subject of defence. At that time I will speak about how the money can be used to further some of the things I have in mind. However, I am merely trying to do one specific job, and I hope I am doing it, namely, to draw a parallel between the leader of the state of North Viet Nam and the leader of the state in the only country on earth able to stem what I consider to be a threat to my country. If this is a small matter, one unworthy of capturing the attention of the house for 15 or 20 minutes, then I am prepared to sit down. But I am not convinced of that.

Mr. Mather: If the hon. gentleman does not wish to answer my question that is his privilege.

Mr. Bigg: In 1945 Mr. Johnson ran for the United States senate. In the senate, until the time he became president, he fought for all those things which leftists talk about and do nothing about and which he himself backed whenever it meant that the strength of the strong should be used to help the poor. There was no segment of society, however small and neglected, that President Johnson did not support, and this has been affirmed by minority groups such as the one composed of Germans in his own state during world war II and the

negro minority. During his term in the senate he instituted and pushed with all his might for reforms which it had taken 82 years to put on the statute books of the United States.

I had hoped in the 20 minutes allotted to me to present the full record of this man but it would take hours to review in detail the accomplishments of this great president. I am sick and tired of hearing criticisms of the noble efforts made by President Johnson himself to bring peace to Viet Nam and the noble efforts made by the American people and their sons to continue the fighting. I think we should level criticism whenever we can if we think an injustice is being done, and the point I am trying to make this afternoon is that an injustice is done when those who feel the way I do, do not give lip service at least to our American friends and allies.

A partisan politician would say it is better to support his party no matter how bad it is than to support the other party no matter how good it is. This has never been the style of Lyndon B. Johnson. He has always had the courage to stand up against those things in which he did not believe and he is exceptionally good at getting things done. I believe that Ho Chi Minh is also exceptionally good at getting things done that he wants done, but as I read the reports of his achievements I find they are all negative and all designed to destroy freedom. However, as I read the record of Lyndon B. Johnson's career I find that for the last 35 years at least he has only had one end in mind, to uphold the dignity of the human being. Because he lives in an imperfect world and can only work through political organizations, imperfect as they are, and because it is difficult even for the Americans who use restraint to achieve peace and security in our world, it is beneath our dignity to sit here in smug security north of the line and have nothing but bad to say about those who are at least doing their best.

Attempts are being made to force us to talk about dollars and cents and not to talk about things on a high plane. I can do that. I think the Canadian people should pay 10 per cent of the cost of freedom along with the Americans. I go further and say, as I said in 1939, that more than our money should be at stake. President Johnson thought his life was at stake. He thought that strongly about the matter and I do not think he has changed. But I do think we should change.

• (5:50 p.m.)

Some may sit here quietly, accept things as they are and say, "We know all that, Bigg, why don't you sit down?" If these facts are known, I do not hear about them. I read the newspapers daily and I listen to the news broadcasts. One would really think President Johnson was the leader of some kind of international gang. It is for this reason I ask hon. members to consider these facts. They are in every "Who's Who". When I am doing my homework, my desk is piled high with papers containing these facts. These articles were not written by President Johnson's friends. As I said before, President Johnson is a liberal with a small "l", while I am a conservative with a small "c". However, like President Johnson, when the welfare of my country is at stake I have no politics. I have seen these very issues kicked around, even on the floor of this house, for cheap political reasons, and I do not point my finger at the Liberals when I say that. We on this side of the house are condemned by our own silence as well as by interpreting the remarks made by the Secretary of State for External Affairs (Mr. Martin), who is seized with the responsibility of giving us the whole truth, nothing but the truth.

I am not afraid of the truth. It has been said many times that the truth will make one free. If we are only going to be given half truths, then I say half truths will lead to slavery. It will be the same kind of slavery that President Johnson has spent his whole life fighting. He has risked his political career fighting it. Slavery is not dead in the United States. President Johnson knows that, as do many other people in the United States. However, it is not politically wise to stand up and say so because down there feelings run high. Thank God, we do not have it in this country.

Some parliamentarians from England were visiting us last week. They said that our prospects are greater than our problems. If we take the attitude that the war in Viet Nam is none of our business, then we should at least keep quiet about those who think they have a stake in it and think they are doing their best. If we have a better alternative, then what is it? Ho Chi Minh is represented as a man who is working for the self-determination of people. Well, there are a lot of people in South Viet Nam as well as in North Viet Nam. If this man Johnson wanted to use all the power he has to stop the war, we know only too well how quickly that war could be stopped. We also know at what cost. Here is a man who is not going to use all the power he has for cheap political purposes.

I wanted to go through his record to indicate that while Ho Chi Minh was busy undermining the small nations of Southeast Asia President Johnson was quietly doing his duty. Since President Kennedy is dead, it is safe to make him a hero. However, since President Johnson is still alive he can still be used for cheap political purposes. I say it is time we in Canada cut it out. This man was chosen by President Kennedy. Kennedy said of him, this man is even more fit to serve the American people than I am. When Kennedy got the opportunity to sit in high places he knew that he needed the wisdom and dedication of this man Johnson to help him guide the United States through very difficult times.

I, for one, thank God we have a man of Johnson's calibre as our neighbour. I fear no invasion from the south. President Johnson has always supported the United Nations. He has done all he could to make the United Nations effective. President Johnson has offered to give up his right to decide these issues if the United Nations is willing and able to deal with them. When he has made these suggestions he has been turned down. The facts are here and we all know them. Less than 18 months ago the United States did stop the bombing for six weeks. What has happened to the memories of those men who write this propaganda we are getting? What did North Viet Nam do? They methodically and coldbloodedly built up their military strength. More United States soldiers died because this man Johnson was reasonable enough to give North Viet Nam every opportunity.

There are many nations in the world today in which both sides of this story will not be told. The iron curtain encircles them. There is only one press and only one party in those countries. I thank God again that here we have two parties. If a man is delinquent or is interpreted as not telling us the truth, then it is my plain duty to ask for the truth. I am not afraid the people of Canada will condemn me for that. I put freedom above all other things, and it is the truth that will make us free.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Tardif): It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Kootenay West (Mr. Herridge), Canadian Pacific Railway—request for more effective methods of dealing with accidents; the hon. member for Parkdale (Mr. Haidasz), Public Works —Toronto—inquiry as to availability of funds; the hon. member for Queens (Mr. Macquarrie), External Affairs—Rhodesia—an expression of disapproval of racial practices.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, I wish to discuss many matters at this time, but as many subjects have already been spoken about since the beginning of the debate I shall, for the most part, limit myself to one item that I feel most urgently constrained to discuss, to one position that I feel obligated to place on the record.

Before launching into that paramount and focal area of my remarks I wish to say, also for the record, that all who come from my part of the country and all in this chamber who represent areas outside the major metropolitan areas of central and eastern Canada, that part known as the golden triangle region of the country, are vividly and anxiously concerned about the negotiations going on at the present time between the premier of Manitoba and the Prime Minister (Mr. Pearson) with respect to the future of the Air Canada overhaul base in Winnipeg.

I have nothing to add to what has been said about this matter that affects my constituency, Winnipeg South, my city, metropolitan Winnipeg and, for that matter, the whole of Manitoba. The speeches in the past about the future of the Air Canada base in Winnipeg and about the potential development and use of Winnipeg facilities ring hollow to the citizens of Winnipeg and Manitoba. Considering the latest apparently arbitrary announcement by the president of Air Canada about the phase-out of the Winnipeg base, those speeches ring hollow indeed. I, other members of this chamber and the

premier of Manitoba, dealt with the announcement which was made last week by the president of Air Canada. As discussions and negotiations are going on, I shall limit my remarks in this area to a few words.

Were I not to emphasize once more for the record how disappointed the people of Winnipeg and Manitoba are in the word of Air Canada and how uneasy they are with respect to this government's policies as they affect regional and national air development in this country, I should be remiss in my duty. Since time immemorial we have asked the government to announce clearly its national and regional air policy. What is that policy in the context of which cities like mine can plan and build for the future, can plan and build for a share in the development of the northern half of this continent? In the middle of the twentieth century, in the jet age, in the space age, that share should be rightfully ours.

We still await for such a policy to be articulated. Earlier this year the former minister of finance partially articulated such a policy. For the introduction and formulation of such a policy we must depend on the good faith of the government and Air Canada. We are waiting to see an indication of that good faith.

Since we first raised cries about the future of Winnipeg and about the future of the Air Canada overhaul base there, the situation has not changed. We have had nothing but promises, promises and more promises. They have all been repudiated; perhaps they have not been repudiated with the knowledge of the government, but they have with the knowledge of high ranking officials of Air Canada, and at this stage we have little faith in the pronouncements of the officers of that corporation. I appeal to the government, to the Prime Minister and to the Minister of Transport (Mr. Hellyer) to take urgent, authoritative action to preserve the facilities at Winnipeg and, in the words of the premier of Manitoba, to run a country and not just an air line.

• (8:10 p.m.)

The issue is as simple as this: Air Canada and this government are involved in the running of a country; they do not just operate an air line. Where the social welfare and well-being of the people of Canada as a whole is involved, as is the case when the industrial health of any major region is jeopardized, then I say that this social interest comes before the bookkeeping requirements of any corporation. The social needs of Canada are those of a developing, expanding and imaginative country from coast to coast, a country which is only as strong as are its parts and which is weak if any of its parts are weak. As far as the development of a viable Canada is concerned, this proposal is a classic example of what is wrong. It involves half a million people, it involves a central product of this nation and it concerns the economic health of the part of the country from which I come. Thus, I wish to begin my remarks by putting on record once again for the benefit of this chamber and of the country at large the strenuous objection of the people of Manitoba to the latest authoritarian and arbitrary pronouncement of the president of Air Canada, and a further plea to the minister and to the government to do something to save this situation before a pattern is established which may have repercussions which all of us might deplore.

Having said this, I wish to move to the core of my remarks and place on record unconditional objection to a current demand by United States officers of the United Automobile Workers Union which has very critical repercussions for Canada. I refer, Mr. Speaker, to the demand by the U.A.W. that workers in Canadian plants of the Ford Motor Company be given wage parity with their counterparts in United States plants. This demand has been widely publicized in news coverage of the current Ford strike in Detroit, and was very clearly expressed on C.B.C. television on Sunday night by Mr. Walter Reuther, the president of the United Automobile Workers union.

I cannot speak for the general Canadian reaction to the remarks of Mr. Reuther, but my own reaction was one of shock and I would venture to guess that this was a reaction shared by a great many other persons in this country. I have great respect for the president of the United Automobile Workers, and I am not so naïve as to miss the point that he has a certain and valuable role to perform. But as I sat listening to him attempt to defend the demand for wage parity—to justify it and promote it—I had a difficult time restraining a tendency to righteous Canadian anger.

A demand such as this one would be enough at any time to invite sharp comment from Canadians, because at the very least it represents an intrusion into Canadian economic and national affairs. However, living in such close economic and national proximity

to our powerful American friends and neighbours as we do has taught us to accept with restraint and equanimity the occasional incidents of this nature that are bound to occur between our two countries, and to let them pass without undue argument. We doubtless ruffle American feathers by insinuating ourselves into their affairs as often as they ruffle ours.

But this particular demand represents in its potential effects something far more than mere routine intrusion. Such a demand at this particular time, when Canada is facing an undeniable economic crisis, is bristling with danger for this country and in the national interest it must be resisted with every means at our disposal. When I say "with every means at our disposal," I use the term in its literal sense and this includes action by legislation if necessary.

When Mr. Reuther talks about wage parity for Canadian automobile workers, he is speaking, whether he knows it or not, against the best interests of Canada. I do not think he takes this dangerous position intentionally. He speaks as a benevolent labour leader, interested to a great degree in the material and economic welfare of the workers whom he leads, and to a lesser degree in preserving his own position in the top office that his union has to offer any man. No one can fault him for this. He is doing no more and no less than any responsible, constructive citizen. But Mr. Reuther is out of his depth and moving dangerously close to irresponsibility when he insinuates himself into the national affairs of another sovereign society about which he obviously understands very, very little.

If Mr. Reuther wishes to go about the United States, his country, promoting wage increases for the members of his union, that is his own business. In fact, it could be said to be his business both literally and illustratively. But if he wishes to come into Canada, my country, and go about using the C.B.C. or any other means to promote wage increases which are not in the best interests of this country, then I say he is making an intrusion of the most irresponsible kind and he should be politely but firmly told the Canadian facts of life.

I can understand Mr. Reuther's basic motive. He sees an auto worker as an auto worker: not as a Canadian or an American, but simply as an auto worker. And when he sets himself the challenge of winning higher wages for the men whose economic interests he believes he represents, there are no frontiers in his view, no international boundaries to be considered. The winning of the wage is the important consideration—the only one. Anything which impedes that victory is to be arbitrarily dismissed.

I do not expect the president of the United Automobile Workers union to be deterred or sidetracked by other considerations. I expect him to pursue his single goal with single-mindedness where the national interest of Canada is not involved. But if his commitment to his union is so all-encompassing as to blind him to the other important realities of life on this north American continent, then perhaps this is the point at which it becomes expedient to separate Canadian unions from United States control. If a man with as much experience of economics as the president of the United Automobile Workers has not sufficient knowledge to be able to distinguish between United States labour interests and the national economic interest of Canada, then perhaps the time has come for a universal reappraisal of the whole Canadian labour movement and its relationship to union leaders in the United States.

In any event if Mr. Reuther continues to insist on wage parity for Canadian Ford workers vis-à-vis their counterparts in the United States, the government of this country should give consideration to intervening in the dispute, obtaining an injunction, if necessary, against such a development. If Mr. Reuther spent any time in Canada, or took the trouble to read anything about current conditions in Canada, he could not possibly have advanced his wage parity argument in an attitude of seriousness. He would know that great courage and determination are going to be required of Canadians in the next 24 months to stave off a serious economic crisis and get the country back into good economic health again, and that another round of major wage increases in industry, such as would be touched off if Mr. Reuther's demand were met, would be disastrous.

The Canadian people, 20 million of them, are calling out right now for caution, common sense and restraint where big spending and big wage increases are concerned. From high and low, from every corner of this land the warning has been sounded. The warning bell has made itself heard on every level of Canadian society, and Hemingway's admonition might be directed to the Canadian people today, "Never send to know for whom the bell tolls; it tolls for thee". It tolls for the Canadian economy.

• (8:20 p.m.)

Even such an economic idealist as the Minister of Finance (Mr. Sharp) has finally been jarred out of his Alice in Wonderland idyll and forced to face facts, forced to get tough and to take steps to get this country out of the ice cream parlour and back into the fields to get some work done.

It would not be possible to recount the myriad scholarly warnings that have been issued in the past two years from the tongues and the typewriters of a legion of knowledgeable commentators on the Canadian scene. Suffice it to quote from just one, and the one I choose is no other eminent student of a half a century of Canadian affairs than Bruce Hutchison. Writing in the editorial pages of the Winnipeg *Free Press* a year ago Mr. Hutchison had this to say:

> Whatever happens to the government and the tortured political system, we shall see during the next few months whether the nation has the wisdom and courage to avoid a "disaster"... Already the time is later than we think. The way things are going now, disaster of some sort looks unavoidable.
>
> The economic facts surely have become clear enough—inflation generated by all our governments, by management, labour unions and the ordinary household; production costs rising fast; interest rates at a dizzy pinnacle; even federal government bonds difficult to sell; economists warning us of a recession to celebrate our hundredth birthday next year.
>
> The psychological facts, however, are more interesting. How, the student of human nature will ask, did we get into this mess? The easy answer is that the politicians bungled our business as, of course, they did; that strong leadership has been lacking, as of course it has. But this is no adequate answer. We must penetrate below the surface of politics to find out what went wrong. Then, if we are honest with ourselves, we shall see that all of us are to blame. The politician's public mistakes represent only our private, collective mistakes writ large.
>
> It is a cliche to say, but the truth all the same, that Canadians have tried for a long time to live beyond their means and now the bills are coming in. Whether the politicians encouraged us to demand from the economy more than it could immediately deliver, or whether the public forced the politicians to promise impossibilities, we shall never know but it doesn't matter much, either way. We have to deal with contemporary facts and have no time for crying over spilt milk.
>
> The most fascinating of all the facts, though the Ottawa experts never mention it, is that the Canadian people have been behaving contrary to their nature, or what we have always assumed to be their nature... during the last five years the whole legend of the Canadian character has suddenly appeared to be false.
>
> No other nation, for example, supposes that it can raise its money wages by nearly a third without blowing the roof off the economy. No other nation imagines that it can pay the American wage scale when it cannot begin to equal the American scale of productivity without devaluing its currency and thus cancelling its paper gains (while incidentally robbing all its hard-won savings).
>
> Nevertheless, these mathematically preposterous assumptions are made not only in the great Canadian debate of theory; they are made in some binding wage settlements, where the American rate of pay has actually been exceeded for the first time. They have been enforced by the government itself in the case of the Quebec longshoremen and the seaway workers, thus setting the pattern for other industries and drawing a reliable chart for the very disaster which alarms the prime minister.
>
> The truth is that Canada, denying all its old traditions, has been acting less responsibly than any nation in the western world. According to Burke's dictum, you cannot indict a nation, but the Canadian nation has indicted itself.

One could go on ad infinitum with authoritative and well documented commentaries of this type, the most recent and best known being, of course, the report of the Economic Council of Canada. I do not intend to dwell at any further length on this aspect of the current Canadian scene. It would be unnecessarily repetitious. Other speakers have examined the Economic Council report in detail and at length. But I wish to reiterate my firm conviction that the president of the United Automobile Workers knows not whereof he speaks when he advocates the wage parity that he has recently advocated.

Wage increases, without a corresponding increase in productivity, are among the fuses already burning that are going to blow our economy to pieces if they are not stamped out by firm fiscal and economic action, and we don't need the president of the United Automobile Workers advocating policies, on our national broadcasting system, that are detrimental to the economic health and well-being of the Canadian people.

Nor can Mr. Reuther justify his argument on the esoteric grounds that he is merely acting in the best interests of Canadian auto workers. This argument, Mr. Speaker, is a hypocrisy and a sham. For a Canadian auto worker is not just an auto worker; he is also a consumer, a taxpayer, and either a parent of children or a potential parent of children who have to be fed and clothed and sent to school. To give him a carrot in one hand, while pushing his country's economy to the brink of disaster with the other, is doing that auto worker, that Canadian consumer, no favour, and I doubt that even as persuasive an advocate as Mr. Reuther can argue credibly that it is. So, I say this demand of the U.A.W., and any similar demands, should be opposed, if necessary by Canadian legislation.

When our productivity matches that of the United States, then it will be sufficient time to talk about wage parity. Let us not, in this case as we have in so many other cases, make an ad hoc arrangement to meet the crisis after it occurs, after it arises. Let us pursue that crisis, that danger fully and head it off now.

Just tonight, Mr. Speaker, in the Ottawa *Journal* there is a dispatch quoting statements by the former chairman of the Economic Council of Canada, Mr. John Deutsch, who supports this particular view. For the record I would like to quote from that dispatch because it expresses better than I could the argument with respect to this possible crisis to which I have referred. It reads:

> The Canadian economy could find itself bouncing from one crisis to another within the next five or ten years unless some effective long-range planning is developed, John Deutsch, former chairman of the Economic Council of Canada said Wednesday.
>
> Mr. Deutsch, who left the council September 1 to become principal of Queen's University, Kingston, said that the potential crises will be too big to deal with on an emergency basis after they have arisen.
>
> He told a one-day session of the National Industrial Conference Board that an "entirely new effort" is needed to arrange the affairs of government spending and policies . . .
>
> He suggested later that the council could become the vehicle for starting the long-range planning he said is needed, although he emphasized that the council has no responsibility for government policy.

The point is that these ad hoc arrangements in this critical period of the development of the Canadian economy and of the Canadian nation are simply not good enough. They have led us bungling and stumbling from one crisis to another. If they have led us out of one crisis temporarily, all too commonly the peace has been all too brief; the refreshment has not been there. We have stumbled blindly into another crisis. We have lurched from one crisis to another in the past five years, and the same potential danger exists for the economy in the demands for wage parity made by the United Automobile Workers union and other unions at this time.

I say the arrangement to meet the crisis that could occur in a situation like that should be studied, considered and developed now, because if wage parity is granted to that industry it will touch off a further spiral in wages, costs and prices across the country. There will be a similar demand in other industries. Surely we have had that lesson borne home to us in the last few years with the economic situation as it presents itself to us in this country today. Surely now is the time to stand against this kind of appeal, this kind of irresponsible and unreasonable demand, and I say irresponsible and unreasonable advisably because you cannot compare the economy in the United States with the economy in Canada. Anybody who attempts to do so is being irresponsible and doing his country a disservice. Let us not wait until these demands are made and the unions are out marching about militantly until the economy comes up with an ad hoc type of arrangement to balance this out. Let us stand now and say that this cannot be done because we in Canada just cannot afford it.

• (8:30 p.m.)

Mr. Knowles: Will the hon. member permit a question before he sits down. I should like to ask him whether he would apply to the United States automobile manufacturers the same strictures with regard to the negotiating of wages in Canada that he seeks to apply to the president of the United Automobile Workers.

Mr. Sherman: I would say to the hon. member for Winnipeg North Centre (Mr. Knowles) that the point I attempted to make is that when our productivity reaches the productivity of the United States we can expect to have wage parity, but I think it is the height of irresponsibility in fighting economic disaster to go on thinking that we can continue to boost wages and prices across the land and never boost our productivity. The only people in this country who have increased productivity in this last decade are the Canadian farmers.

Mr. Knowles: Does the hon. member think it is fair to apply strictures to one side of the bargaining table and not to the other?

Mr. Sherman: I do not think I am suggesting that strictures be applied to one side of the table. The balance on the table is not equal. We are talking about an economy built on the backs of 220 million people as against an economy built on the backs of 20 million people, so the odds are weighted against us. Therefore, to answer the question directly, I would say that what I am interested in is the best interests of Canada and the Canadian economy. If that calls for such strictures, then, yes, I am in favour of them.

[*Translation*]

Mr. Gaston Isabelle (Gatineau): Mr. Speaker, may I be allowed not to comment on the 1967-68 budget because, in my opinion, it was well thought out, and I do think, that

nobody from one party or the other would have been able to do more than what is included in the budget.

Since we have enjoyed a certain leeway for a number of years, I should like to discuss a subject which might seem to most people who do not live in the Ottawa-Hull area, incomprehensible but which is extremely up-to-date and is called: The federal district project. I am sure that a lot will be written in the years ahead about that project and I can assure you Mr. Speaker that it is not a new issue.

However, I should like to make myself very clear. If the idea of the federal district is dear to my heart, if I have caused some controversies in that respect, it is because I believed, as a politician and as a representative of a certain part of the area which will be included one day in a federal district, that I had a duty to discharge, namely to declare myself in favour of a conditional federal district, that is with certain qualifications.

I think that I was very explicit in that respect, not very long ago, during a lecture which I gave before the chamber of commerce of Aylmer-Lucerne. It seemed to me, and I wish to emphasize it, that this imperative duty required that I take position in favour of this district on the same basis as those who, for several years, have categorically refused any federal district project whatever, and often refuse for personal or political interests, even though this project is extremely important for our area.

So I have decided to support this project in order to become fully acquainted with it and I favour more and more the creation of a federal district, particularly since Professor Donald Rowatt, who was designated about ten months ago by the Ontario provincial government to study the possibility of a federal district, said and I quote:

> Before starting my research on that subject, I was inclined to view unfavourably the setting up of a federal district. But as my work progressed, I became more and more in favour of the creation of such a district.

Therefore, there are surely certain advantages, even though some disadvantages, of which we are unaware, will appear during consideration of that project. I do not think a study in depth has been made about that federal district, either on the Quebec or on the Ontario side. What surprised me and still surprises me, is that all those who talked about it, favourably or otherwise—even though those in favour are fewer—those who denounced the project, have always ended their statement by saying that they wanted to remain Quebecers or Ontarians, that they wanted to have a special status and to preserve their territorial autonomy. This is quite normal and quite legitimate. There has never been any question of a Breach of autonomy or territorial integrity. The evidence is that all the parties concerned have rejected the suggestion that Ottawa and Hull be made into a community like Washington or Canberra, Australia.

I will call to the attention of the house that among the several briefs to the Laurendeau-Dunton commission on bilingualism, 63 mentioned the creation of a federal district. Assuredly, all those associations, or groups, or individuals, are not of equal value, but it can be said that most have some merit and command our admiration. May I mention a few:

The Association des femmes diplômées des universités du Québec, the Conseil de la vie française du Canada, the Association des femmes de carrière de Granby, the Association canadienne des éducateurs de langue française, the Junior Chamber of Commerce of Canada, the Chambre des notaires de la province de Québec, the Association canadienne française d'éducation de l'Ontario, the Public Service Alliance of Canada, the Law Students and Faculty of Law of the University of Toronto, the University of Ottawa, the Canadian Universities French Professors Association and, finally, the Trail chamber of commerce in British Columbia. I have mentioned but a few, as there were 63 of them.

• (8:40 p.m.)

Mr. Speaker, as the member of parliament for undoubtedly our most beautiful county, Gatineau, which comprises a large part of Hull, and expecially, of the National Capital Commission development on the Quebec side, I had the pleasure of submitting a brief to the Dorion commission on the integrity of the Quebec territory, and I should like to quote a few passages from this brief:

> The power of the Quebec provincial government to develop the area within its jurisdiction, including the area surrounding the national capital on the Quebec side, is beyond question. The sovereignty of the province, at least for the purposes of this discussion, is indisputable in principle.

Having said this, it is equally obvious that, in a federal state, the central power, because of its exclusive responsibility in certain areas, must have, as a corollary, expropriating powers in order to carry out its obligations. That is why it is up to the federal state to develop

the areas intended for national harbours, airfields, military camps, national parks and so on.

The federal government who is responsible for developing not only the capital of the country but also the adjacent territory on the Quebec as well as on the Ontario side—is therefore justified to undertake public works meant to beautify the area, to endow it with a better network of roads and well-landscaped parks.

Besides, the city of Hull and the surrounding area are unique in this country because of their geographic location and demographic composition. It is true that due to the border between Quebec and Ontario the city of Hull does not come under the direct control and authority of the federal government, but nobody will deny that the city of Hull and its vicinity are part of what has been conveniently called the national capital area.

The Hull area, populated for the most part by French Canadians, is also the most important centre of French cultural life right at the door of the capital of an officially bilingual country. Because of that characteristic of French city where the educational freedom typical of Quebec prevails, the city and the surrounding area attract an increasing number of federal civil servants who choose to live there.

The federal government, desirous to ensure to the French-speaking people of our country a favourable climate in the national capital region, is looking forward to the development and improvement of the city of Hull. That is why, for a few years now, the federal government has shown a marked interest in the improvement of that part of Quebec which was systematically neglected for decades by all governments, provincial and federal also, I must admit. Besides, the purpose of establishing the National Capital Commission, as stated in the legislation passed by the Canadian parliament in 1958 is essentially to:

> Prepare plans for and assist in the development, conservation and improvement of the national capital region, in order that the nature and character of the siege of the government of Canada may be in accordance with its national significance.

Let us deal now with the population. The Quebec people who live in the national capital region, within the boundaries defined by the act establishing the National Capital Commission, are estimated at about 100,000.

And according to statistics for 1961—and this is rather interesting, Mr. Speaker—they are far from being what they are today. At that time 32.8 per cent of the Hull labour force was working for the federal government, in Ottawa only. That excludes automatically all the employees of various commissions considered as private enterprises and for which we cannot have the figures. That excludes also the employees of the federal government working in Hull, whose number exceeds 1,500. If we add to that percentage the number of wage-earners working for industries, for businesses in the area, we can conclude that nearly 50 per cent of the labour force in the Hull area earns a living in Ottawa and the vicinity. These figures will surely increase from year to year. It is, therefore, obvious that as an employer of such importance, the federal government has special responsibilities toward the city of Hull and the neighbouring towns, and that explains further the federal presence in that area of the province of Quebec.

Besides, the development of the city of Hull and its population increase are due mainly, according to local experts, to that rational development of parks and roads by the National Capital Commission.

The future construction of new federal buildings on the Quebec side of the capital district will attract more civil servants permanently to Hull and will thus speed up the housing and business expansion of the city, something which the people strongly hope for.

In this connection, I might say that last year more than one million people visited the Gatineau park, one the most renowned in Canada, adjacent to the city of Hull and the only park open free of charge to the people of Hull, in view of the fact that there is not a single provincial park in the immediate vicinity. More than 100,000 people from various countries visited the summer residence of the late Mackenzie King, at Kingsmere.

It is normal to expect a population increase in the city and district of Hull and a concentration of workers from Hull in the various services of the federal government and crown corporations. That special feature of a French-speaking civil servants' pool will become more pronounced. It is therefore normal to expect a progressive transformation of the technical education system in the region, to enable young people from Hull to train better and earlier to serve in the ranks of civil servants.

We are very pleased to learn that the federal government has bought a building which will make all Canadians happy, since it is meant to become a centre for language studies.

• (8:50 p.m.)

Even if a civil service job is the natural prospect for a number of Hull residents entering the labour market, this does not absolve the provincial government of the responsibility of developing the commercial and industrial possibilities of the region, in order to give the people a wide range of opportunities and create a more diversified and, therefore, more stable economy.

Had it not been for the considerable efforts of the National Capital Commission to develop the region and the employment opportunities provided by the federal government, the Hull area would certainly still be underdeveloped. The citizens of Hull are at last able to enjoy an era of exceptional development brought about, on the one hand, by an increasing number of civil service jobs and, on the other, by the greater interest shown recently by the provincial authorities in what is, unfortunately, too remote a part of the beautiful province.

The prevailing feeling among the people is that, without the intervention of the federal government, their region would be in a bad way. They do not judge the wisdom of this intervention, Mr. Speaker. They are merely noting a fact. It would be very difficult to have them reject the participation of the National Capital Commission to the development of their territory because, to date, the provincial government has never managed to offer them as many advantages.

On the other hand, the whole population hopes that there will be very close co-operation between the provincial and federal authorities, to make of that area, not only the most beautiful in the land, but also a model, a living demonstration of the results of co-operation and understanding. That might be the only solution to the problem, that is the creation, under certain conditions, of a federal district.

I wish, however, to join all those who have voiced their criticism of the administrative structure of the National Capital Commission, which does not provide for the direct participation of the Ontario and Quebec governments, in the planning of developments and, especially, in the implementation of development programs.

I feel that the provincial government, primarily responsible for that territory, should not only be consulted, but should also have its say when decisions are made. In addition, of course, area residents would welcome a financial contribution from the Quebec government, added to that from Ottawa, so as to have completed sooner the development of Hull, which would then become, as I said earlier, a model city, across from Ottawa.

The built-up area on both sides of the Ottawa and Gatineau rivers gives rise to such extensive problems that it is urgent, in my opinion, that both governments meet without delay in order to review all the administrative structures in the area, to establish development projects for the future and to determine, once and for all, jurisdictions and responsibilities.

In the meantime, the people of the Hull area must count on the federal initiative and be satisfied with an inadequate share of the tremendous N.C.C. budget. Therefore, it is up to the provincial government to decide at the earliest the fate in store for the city of Hull and to make known its projects, if any, which a large number of Hull residents consider with scepticism, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Isabelle: A great number of organizations from Hull and the area have recently favoured a special status for their area which they claim is handicapped by the neighbourhood of mighty Ottawa. To my mind, this special status already exists, albeit in an embryonic stage, although no exact definition can be given to the designation of "special status", in view of the peculiar setup of employment, the projections as to population development and the increasing dependence of the entire regional economy on the federal state as an employer.

The provincial state could not deny this self-evident fact and should, I feel, alter certain institutions so as to ensure maximum benefits from the geographic situation of Hull, particularly in the educational area.

On the other hand—and this opinion is getting more and more support among the local population—the city of Hull would gain prestige, population, job opportunities and improvements should it agree at the earliest possible moment that it cannot count solely on the pulp industry for its development, but also upon the federal civil service.

If the provincial government helps the city to fulfill its new responsibilities, Quebec province will have one of the nicest French cities at the other end of its territory, and the homogeneity of a federal district will exist in fact perhaps without any actual legislation. In that case, the integrity of Quebec and

Ontario will be preserved and above all the people will be satisfied, which is not the case now, I think. This is the first and main step towards the creation of a federal district.

Mr. Speaker, I have attempted to show beyond doubt by submitting actual facts, how such a district could be created in the Hull and Ottawa areas.

Only recently Mr. Louis Sabourin, dean of the social science department and director of the international cooperation centre at the University of Ottawa, in a speech before the Richelieu Club, on September 27, 1967, stated that according to statistics which he collected by interviewing French-speaking citizens of Ontario living in Sandy Hill or lower town in Ottawa, 62 per cent of the people contacted replied favourably to the following questions:

1. In your opinion, what would be the result of the creation of a federal district comprising Ottawa and Hull on French culture and education in Ottawa?

2. If the Ontario government were unable to create French public secondary schools, do you think that the federal government should establish such schools?

I should add that the survey included a like number of men and women, all between the ages of 21 and 51, whose education varied from primary school to high school level. Furthermore, this type of survey is becoming increasingly frequent in our area. If we surveyed the man in the street, to use a popular expression, rest assured that no less than 75 per cent of the people, at least in the Hull area—let us leave aside the Ottawa area—would favour the creation of a federal district.

Mr. Speaker, it is no longer time for provincial quarrels and unwarranted fears; rather, we should work together in close and continuing co-operation, in order to avoid that the Hull area may become once more the victim of fruitless quarrels between politicians.

Unfortunately, we have always been, in this area, the sacrificial victim on the altar of the nation. I hope that in the event of a federal district and provided some guarantees are given to both the English and the French-speaking citizens, we shall be able to make this region the most beautiful in the country, I am sure. The Gatineau park and area will become a paradise for hunters and anglers. You may be sure that this ideal project will make the whole country envious. It is already in the air since 63 briefs submitted to the Laurendeau-Dunton commission have already mentioned it and favour the creation of such a district as soon as possible.

[Mr. Isabelle.]

• (9:00 p.m.)

Before closing, Mr. Speaker, I should like to pay tribute to the Hull junior chamber of commerce which has created a commission to study thoroughly this question of a federal district, and I hope that all those who have been against it will one day realize that, if the surface is not always as polished as it should be, it is often because closer examination has not revealed the true possibilities.

I hope that with the passing of time, everyone, English and French-speaking people of the area on both sides of the Ottawa-Hull area, will understand each other.

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, my first words will be to support the hon. member for Gatineau (Mr. Isabelle) and to wish him at the same time a most complete success in his aspirations. It seems to me he has touched upon a very sensitive chord and that everyone in this house and outside agrees to wish him an early settlement of the problem he has raised tonight.

Mr. Speaker, I am rising tonight to make some observations on the budget that was introduced some time ago by the hon. Minister of Finance (Mr. Sharp). It is not my intention however, to follow his urgings and those of the Prime Minister (Mr. Pearson) not to look behind us but to forget the promises of the Liberal party during the last election campaigns.

Everybody knows that the purpose of the opposition is to make sure, in the interest of the people and taxpayers, that public monies are spent in accordance with the aspirations and the aims of the country, and with this in view, I intend to draw a parallel with the past, that is, between the promises made to us during election campaigns and the real facts, since the return to power of the Liberal government.

Mr. Speaker, nobody has forgotten—and neither have the people—that numerous election promises have been made during the election campaigns of 1963 and 1965 by those now sitting on the front benches.

To mention only a few, I would like to recall, for instance, that the present Minister of Finance and his cabinet colleagues made quite an unusual campaign, stating that government budgets should be balanced and that a Liberal government would put an end to unbalanced budgets as soon as it returned to power.

Well, what we have seen since this government came to power is not different from what we had before; we still have unbalanced budgets and the people expect that the Minister of Finance and his colleagues will get busy and balance the budget as promised.

Everybody will also recall that during election campaigns they—the Liberals— promised us 10,000 student bursaries. The truth is that these bursaries are replaced by student loans, and this was nothing but a gimmick to fool the people and get votes.

Much was said also about the assistance to rural housing a Liberal government would provide if it were called upon to manage the country's business.

Well, we can see, while driving in the country, that the situation is the same as it was before these gentlemen, with their promises of yester-years, reached the position they now hold.

They were also supposed to eliminate slums. It is enough to stroll about the city of Montreal to find out that there still are too many. The same thing is true of their promises concerning low-price housing. Far from providing housing at low prices for the average or poor classes, far from helping these people to obtain houses in keeping with their income, the present minister considered it proper to increase the rate of interest on mortgage to 8¼ per cent. Well, Mr. Speaker, if someone makes money on mortgage loans at 8¼ per cent, there must necessarily be some one who pays, who absorbs that increase. As always it will be the one who should be helped most, the one who is most in need of help, that is the one with an average or a low income who will be affected by that increase. What about the pension payments of $250 for married couples which the Liberal speakers promised during the 1963-65 election campaign. That pension of $250 per married couçle was changed to a pension of $105 per month for each pensioner, but with a means test which, in some cases, meant only $2, $3, $5 or $10 more for our older citizens when they were in dire need because of the rising cost of living.

We have also been promised a minister of agriculture for eastern Canada. It is three, nay, almost four years since the Liberals came into power, and we are still waiting for the minister of agriculture for eastern Canada.

And what happened to the promise that a Liberal government would reject the use of nuclear armaments in this country? Only a few months after the Liberals came into power, all the Liberal members in this house voted in favour of nuclear armaments for Canada.

Mr. Speaker, I should like to remind the house of the records established by the present government. For example, the cost of living has reached a record 150.7 per cent.

We know that the cost of living is increasing. Bread, butter, meat, cigarettes, fuel, cars, clothes, the various services, food, even a haircut are appreciably higher since our friends have taken the helm of the ship of state.

It is quite different from what we had heard during the election campaigns of 1963 and 1965. We are paying the highest interest rate in our history. A worker who draws average wages is sometimes compelled to obtain a short-term loan to pay certain bills which otherwise would require from him a superhuman effort. Then, the average worker is compelled to pay the highest interest rate since confederation.

• (9:10 p.m.)

Right now, our cost of production is the highest in our history. This, of course, is prejudicial to our industries which have to face an ever increasing competition from the outside, because they are faced with ever increasing costs of production.

Now, what about taxes, provincial, municipal and federal. As a result of the rising cost of building materials and materials used in the manufacture of certain products, the cost of production is higher than ever and taxes are proportional. On the other hand, the workers have to face these taxes and must pay them, from the fruit of their labour.

The government has established another record which is perhaps not too enviable in the area of military expenses. The former minister had suggested that unification of the armed forces would bring about a reduction in military spending. Now, the facts prove quite the contrary. For the fiscal year 1967-68, the expenses forecast will exceed by at least $110 million those of the previous fiscal year. Who will be called upon to pay for such extra expenses? The taxpayer, the individual earning a salary which sometimes does not allow him to make both ends meet by the end of the year.

At this point, Mr. Speaker, may I remind the hon. minister who has asked all classes of society, the provincial governments, the

municipal governments, to cut down their expenses, that he should bring pressure to bear on his colleagues of the cabinet that they might be the first to set the example. Last week, my colleague from Kamloops (Mr. Fulton) gave striking examples of extravagant expenditures in departmental administration.

May I also remind the Minister of Industry that the cost of administration for his department, when it was first set up, was supposed to be $25 million, but that it will now reach the tidy sum of $146 million for the fiscal year 1967-68. In the same department, the establishment will have increased from 274 in 1963-64, to the nice figure of 783 in 1967-68.

In the Department of Defence Production, the number of employees will have grown from 1,699 in 1963-64, to 3,684 in 1967-68.

In the Department of Trade and Commerce, there will be 812 employees in 1967-68, as compared to 514 in 1963-64.

This will add up to an increase from 2,487 to 5,279 for these three departments.

I would say this to the minister, Mr. Speaker: before he convinces the people in general, as well as the governments at the federal and provincial levels, he will have to set the example and convince his own cabinet colleagues to exercise more restraint and to be more careful about their expenditures.

It might be well, Mr. Speaker, to have an inquiry the sole object of which would be to justify and, if possible, to check the exaggerated increase in the number of civil servants. We know that the number of civil servants, in the last four years, seems to have increased far more rapidly than necessary, and this is always detrimental to the taxpayer who, in the final analysis, is forced to foot the bill.

In their speeches, the Minister of Finance (Mr. Sharp) and the Minister of National Revenue (Mr. Benson) passed the buck when time came to indicate what basic priorities would be followed in applying the axe to expenditures as promised by the Minister of Finance.

The Minister of Finance told us that certain basic projects had to be given up but he did not venture to say which ones would be eliminated.

Everyone knows that medicare has already been postponed for one year and it would not be surprising if the minister should tell us in a few months, that the financial situation forces him to postpone for another year this project for which they very ably secured approval. When this plan was introduced, if it was the intention of the government to implement it as soon as possible, it seems to me that the minister should have made every effort in order to cancel useless projects, which would have provided funds for implementing medicare because the Canadian people expect relief in that respect.

[Mr. Ricard.]

• (9:20 p.m.)

There is another field, Mr. Speaker, where the record of the present government is not satisfactory. I said a few moments ago that after promising us a minister of agriculture for eastern Canada, the present government quickly forgot that promise and did not make any changes in the Department of Agriculture. I repeat that such tactics were designed only to get votes in eastern Canada.

Whether he owns a big or a small farm, the farmer is always faced with increasing production costs. The cost of machinery keeps going up so that the farmer's production costs go up proportionally.

There is no doubt that the present Minister of Agriculture (Mr. Greene) failed in not getting more favourable prices for the machinery which the farmers have to buy to make sure that their crops are plentiful enough to meet their obligations. Our markets are being swamped by foreign products. Last year, butter was even imported from foreign countries, when we have the climate and all the production facilities needed to meet the population's needs in this field. The conditions imposed upon the young farmer wishing to settle on the farm are so harsh that they deter many young people from taking over the business of their elders on the family farm. It is imperative that the necessary amendments be made to the farm loans Act to prevent those young people with the skills and the inclination to go into farming from moving to the city.

It is both interesting and distressing to read the comments made by Mr. Sorel, president of the Catholic Farmers Union, on the attitude of the present federal government concerning agriculture. Early last summer, as hon. members will recall, the dairy producers of eastern Canada, Ontario and Quebec staged a march on Ottawa. They came here to try to convince the federal authorities that they were in an impossible situation and desperately needed help from the federal government. Far from helping them, the Minister of Agriculture (Mr. Greene) ignored their request and the very doors of parliament were

closed in the face of these people who, like any other citizens, merely wanted to visit the parliament buildings. I do not think, Mr. Speaker, that those dairy producers came here to congratulate or praise the government and the Department of Agriculture for their efforts to help the farmers.

I completely disagree, Mr. Speaker, with the remarks of the hon. member for Nicolet-Yamaska (Mr. Côté) to the effect that the farmers have come here to praise the Minister of Agriculture for the work he had done for the farm people. The words spoken by Mr. Lionel Sorel—

Mr. Côté (Nicolet-Yamaska): Mr. Speaker, I rise on a question of privilege. I think that the hon. member for Saint-Hyacinthe-Bagot is greatly mistaken when he quotes the hon. member for Nicolet-Yamaska. At the very time of their arrival, I had already spoken in the house and I did not speak afterwards.

I do not know whether the hon. member for Saint-Hyacinthe-Bagot was absent at the time of their march but, at any rate, he is mistaken when he says—

The Acting Speaker (Mr. Tardif): Your argument is probably reasonable but it is not sufficient to raise a point of order.

Mr. Mongrain: On a point of order, Mr. Speaker, I feel that you did not understand the member for Nicolet-Yamaska (Mr. Côté) who rose on a question of privilege.

The Acting Speaker (Mr. Tardif): I apologize, if I misunderstood him, I thought that the hon. member was rising on a point of order.

Mr. Knowles: Do you not understand French, Mr. Speaker?

Mr. Ricard: Mr. Speaker, the member for Nicolet-Yamaska definitely dislikes to be reminded of his own comments, but I wish to tell him that I was in the house when the delegation came and I met the farmers of his district and those of mine. I can also tell him publicly that the farmers of his constituency were also quite disappointed with his comments, because they were contrary to the facts and ideas which they had put forward.

Mr. Speaker, here is what Mr. Lionel Sorel had to say, as reported in *La Presse* on June 17, 1967, after having met the Minister of Agriculture (Mr. Greene) and other members of the cabinet as well, I presume. I quote:

> I wonder what I shall tell them when I go back.

He means the farmers, members of the C.F.U.

> Indeed, I have very little hope. It has not yet been decided whether farmers should be allowed to earn a livelihood.

That is what Mr. Sorel, the president of the C.F.U., a level-headed and calm man, thought of the attitude of the present Liberal government toward agriculture. He said the present government has not yet decided whether farmers should be allowed to earn a livelihood. Everybody knows that agriculture is on the wane even though it is fundamental to life in Canada, and even more so in the province of Quebec. Mr. Speaker, I would only ask the Minister of Agriculture not to delay any longer and to take such action as to revive the hopes of the rural people.

A good deal could be said about the industrial field, Mr. Speaker, but time flies fast, and since my allotted time has nearly expired, I would merely request the Minister of Finance to give special consideration to the textile industry, the second source of employment in our country. This industry provides employment to 52,000 people in Quebec, and its yearly investments total about $850 million.

There is great concern about the potential effects of the Kennedy round on the industry. Last night, I was talking with the owner of a small knitting mill employing 20 people, and he told me that he was quite concerned, that at this date next year, he thought he would be able to keep, at the most, 10 employees, because competition from foreign plants, where wages are usually much lower than here, would prevent him from meeting his obligations holding his own with other industries and paying his employees wages appropriate to their needs.

There is also some concern in the shoe industry. It should be remembered. Mr. Speaker, that since 1962, 28 factories have had to close down. This means that 3,000 employees have lost their jobs and were compelled to get training in another trade and had much trouble to find a job, so as to meet their needs and fulfil their obligations.

• (9:30 p.m.)

So, I am asking the minister to act so that these manufacturers will have the necessary protection, and before you tell me that my

allotted time has expired, Mr. Speaker, I shall resume my seat.

[*English*]

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I did not intend to take part in this debate. I may as well take the house into my confidence and say that I did so at the invitation of the government whip who assured me that he had kept a place for me out of his great love for me. Despite my own profound affection for him he will not mind, I am sure, if I reply with the latin phrase *timeo danaos dona ferentes.*

I realize that I am pulling out of the fire the government's procedural chestnuts, and I can only do so because of something which must be said. The budget that was presented in June was a non-budget. As it was almost impossible to debate it when it was introduced I seized the opportunity of dealing with another matter, with an important area remote from our domestic affairs which I felt had to be dealt with. Since that time the Minister of Finance has seen fit to make two more speeches on the state of nation, each one more calamitous than the last. Finally, and this to me is most disturbing, he revealed his complete intellectual bankruptcy when, on top of having done nothing—nothing whatever for months and months—he comes to this chamber and informs the Canadian people, and they should realize just what it is he informed them of, that his solution to their problems is a little dose of unemployment. Of course, he has a nice-Nellyism for it. He says "to allow the economy to gain a little slack". Which in crude, brutal terms means to let unemployment rise and hope that our problems will be solved that way.

Mr. Baldwin: He calls it "managing prosperity".

Mr. Cameron (Nanaimo-Cowichan-The Islands): It is managing prosperity for some people, and that is something I object to. Some people are extremely prosperous under this minister while others are very unprosperous. I find it distressing that in this day and age we should experience what might be called this paleo-Keynesism on the part of this minister who is only able to use this crude method of turning off the tap when things look as though they will get out of control.

On June 1 the minister told us that despite a few clouds on the horizon, clouds no bigger than a man's hand, everything was going along very well and he did not propose to rock the boat at all. He did not rock the boat. He did not do anything else, either. Now look at the poor man. One is almost disposed to feel sorry for him when one sees all these troubles flitting around his ears like bats, as they have done ever since he took office.

Here we see a spectacle of one of the most prosperous countries of the world bedevilled by continually rising prices as revealed in the September issue of the d.b.s. statistics review which reported that the cost of living index went up from 139.5 in July, 1965, to 144.3 in July, 1966 and to 150.2 in July of this year without any sign of an abatement—without any sign of action on the part of the minister, because he is not permitted to act; his doctrinaire views inhibit him from taking action.

Unemployment has also been a festering sore, and the same issue of the statistical review reveals in graph form that ever since the end of 1965 the trend has been upward, in spite of a few downturns now and again. Here, too, there is no sign of abatement. On top of this, of course, we now face high interest rates underlined by the government's own action as well as by the action of the Bank of Canada and the naïve comment on the part of the minister when he said—and this caused me intense entertainment—that we were facing a brand new situation because no one had ever heard of a situation in which high interest rates were associated with inflation. Well, I can remember suggesting to the minister eight or ten months ago—and having my suggestion treated with scorn—that high interest rates might in themselves be a factor in promoting inflationary pressures. How anybody could doubt that I am unable to understand.

I believe the Canadian people are entitled to something a little better than this. I believe they are entitled to ask the following question: If, now, with a rising gross national product and with unemployed human and material resources we are unable to provide housing for our citizens, and are unable to protect consumers from rising prices and are unable to expand our economy, then when in God's name shall we be able to do so?

Mr. Grafftey: When we turn out this government.

Mr. Cameron (Nanaimo-Cowichan-The Islands): That might be a start, but I am not sure what might happen then. It might be

just more of the same thing because I am afraid that the official opposition, like this government, also has a doctrinaire party formula and is wedded to the conception of so-called free enterprise and to the idea that every situation must be adjusted to this Procrustean bed, no matter how many inches might have to be cut off—

Mr. Grafftey: You might be called upon to form a government.

Mr. Cameron (Nanaimo-Cowichan-The Islands): That is quite possible. I have an idea that the Canadian people are getting extremely tired of a government which refuses to govern, and I am sure that when they realize that this Minister of Finance (Mr. Sharp) has told us in plain words in this chamber that his cure for their troubles is an increase in unemployment he and his colleagues will be in serious difficulty at the time of the next Gallup poll.

Once again the minister trots out an idea he has trotted out before—the idea of guide lines. This has always entertained me immensely. I remember asking him in the committee on economics and finance when he produced this idea of guide lines earlier, whether he thought guide lines would be successful. He assured me he did. Then I asked him what is the difference in the final outcome between guide lines and a forthright policy involving some measure of selective price control, a policy which would be more, shall we say, permanent and which could be arrived at through a process of consultation and negotiation. Of course this could not be done. It is against the moral principles of this government.

I suggest that the government has revealed in these three speeches of the Minister of Finance its complete bankruptcy. More than that, it has disclosed the basic philosophy of the Liberal party which is that the government which governs least is the best government. This is the deeply held conviction of hon. members opposite—that the less they do the better it is. In fact whenever the minister or one of his colleagues gets up in this chamber, one can sense the ghost of Micawber shuffling down the hall hoping something will turn up—and something always does turn up, and it is always unpleasant.

Obviously there are a number of suggestions which might be made in such a situation, and I intend to put forward one or two. First of all, I suggest that instead of complaining, as the minister has done, that the Canadian people, in spite of the fact that they are the savingest people in the world have not succeeded in saving enough to finance their own development, he should take steps to control and direct investment. This could be done in a number of ways. Consider, for example, that proportion of personal savings which goes into private insurance policies—and this is only one part, though a significant part, of the savings of the Canadian people. I have already suggested that we should put the private insurance companies out of business by extending the operations of the Canada Pension Plan and offering the Canadian people a wide range of options.

We should do something more about the major part of the savings of the Canadian people which is to be found in the corporate treasuries of the large corporations of this country. I suggest that instead of complaining that the Canadian people do not save enough or that the Canadian people do not invest their funds properly, this government should set up, not guide lines but definite controls governing the reinvestment of the undistributed profits in corporation treasuries.

Do not tell me it cannot be done. The Minister of Finance did it in his usual half-hearted way when he invoked the 5 per cent tax on corporate profits. It was an idiotic formula, of course; I think he had read briefly and carelessly a description of the Swedish plan and decided he should try something of the sort himself. As I say, it was idiotic because he put a 36-months limit on the time during which the government could hold this 5 per cent of profits. But the precedent is there and I suggest the government should seriously consider the over-investment which is taking place in various parts of our economy to the detriment of the development of a balanced economy. We should set limits on how much can be invested at the discretion of private companies. I think we should do something, too, with regard to the control of prices, and I have been disturbed to read an article purporting to quote the emerging minister of consumer affairs, now the Registrar General (Mr. Turner), as saying he is not prepared to do anything.

• (9:40 p.m.)

I am going to suggest that instead of bewailing the rise in the cost of living, instead of suggesting the solution is to promote unemployment in this country, the minister

should be considering the imposition in certain areas of selective price controls over basic commodities whose costs enter into the costs of all other commodities. Don't tell me we are going to hit a constitutional bar in this, because I would defy any provincial government to object to co-operation with the federal government to control the prices that determine the cost of living index.

Then I would suggest, as we have done time and time again, although apparently our suggestions always fall on deaf ears, the establishment of a real prices review board before which an examination could be made of all prices in our economy and not just a proportion of them.

I would suggest something else this government could do. It could use the weapon of advertising, which is now used for, shall we say, rather dubious purposes, to promote some idea of real values in our economy. This could be done through the publicly owned broadcasting system of the country, if the government would take the position that the C.B.C. should be a public service corporation and not a huckstering corporation into which it has been trying to turn itself.

The government could also do something else which we have been urging time and time again. It could do something, or should do something in the face of the Kennedy round. It could do something about the restructuring of Canadian industry by government initiative, to group together ineffective productive units into economically sound economic units which could specialize and be confined not to the Canadian market alone but, by virtue of their specialization, expect to have a share of world markets.

The government could do something else, Mr. Speaker, if it really wanted to do something about its unfortunate position over which the unfortunate Minister of Finance (Mr. Sharp) is now presiding with such a melancholy air. It could do something about the reform of the financial institutions of this country, of the jungle that was revealed to us when we were revising the Bank Act, the jungle of financial institutions some of which are subject to no control of any consequence, or to no inspection. The government could establish proper governmental control over all financial institutions and place a watchdog in the centre of them, as I suggested to the minister before the banking and commerce committee and also in this house. Now I suggest it again. It is something that is going to have to come—it is a government banking complex at the heart of our financial institutions, something which our friends in Australia and New Zealand have had for many years.

In this way it might be possible for the government of Canada to direct and control the economy so that we shall no longer have the disgrace, in one of the potentially richest countries in the world, of massive unemployment, of lack of housing, of rising prices, of continual deprivation. It is time this government realized its job is to manage, not to evade action and avoid taking any steps which might perhaps lead it into some slight political trouble. It is going to be in worse political trouble if it continues with its liberal concept of government, which is to do nothing and hope something will turn up before the public gets wise to it. I suggest the public is already getting wise to it, is getting a little tired of it and will not take kindly to the suggestion they tighten their belts because unfortunately, in spite of a rising gross national product and potential wealth we are really a poverty stricken country.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

Mr. Deputy Speaker: Order. It being 9.45 p.m. it is my duty, pursuant to section 6 of standing order 58, to interrupt these proceedings and forthwith put the question on the main motion.

Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Mr. Monteith: On division.

Motion (Mr. Sharp) agreed to.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

The Chairman: Order. House again in committee of ways and means on a certain proposed resolution to amend the Excise Tax Act. The text of this proposed resolution is appended to the notice papers of *Votes and Proceedings* of June 1, 1967.

EXCISE TAX ACT

That it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That effective June 2, 1967, all goods listed in Schedule V to the said Act be exempt from sales tax.

2. That effective September 1, 1967, any material, substance, mixture, compound or preparation, of

whatever composition or in whatever form, including materials for use exclusively in the manufacture thereof, sold or represented for use in the diagnosis, treatment, mitigation or prevention of a disease, disorder, abnormal physical state, or the symptoms thereof, in humans or animals, or for restoring, correcting or modifying organic functions in humans or animals be exempt from sales tax but that this exemption shall not apply to cosmetics or confectionery products.

3. That effective June 2, 1967, goods enumerated in tariff item 48100-1, namely "specially constructed boot or appliance made to order for a person having a crippled or deformed foot or ankle", and in tariff item 48105-1, namely "individual pairs of boots or shoes for defective or abnormal feet, when purchased on the written order of a registered medical practitioner", and articles and materials for use exclusively in the manufacture thereof be exempt from sales tax.

4. That effective June 2, 1967, artificial breathing apparatuses purchased or leased on the written order of a registered medical practitioner by an individual afflicted by a respiratory disorder for his own use be exempt from sales tax.

5. That effective June 2, 1967, plans, drawings, related specifications and substitutes therefor, and reproductions of the foregoing sold to or imported by manufacturers or producers for use by them directly in the manufacture or production of goods be exempt from sales tax.

6. That where materials for use exclusively in the construction of residences for students have been purchased by or on behalf of a company wholly-owned and controlled by Her Majesty in right of a province and established for the sole purpose of providing residences for students of universities or other similar educational institutions, the Minister of National Revenue may, upon application by the company made in such form as the minister prescribes within two years from the time of the purchase of the materials, pay to the company an amount equal to the tax imposed by Part VI of the said act that has been paid in respect thereof.

Progress reported.

Mr. Deputy Speaker: I wonder if it would be the wish of the house to call it ten o'clock at this time?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Ricard: Mr. Speaker, may I ask the house leader to indicate what the business of the house will be for tomorrow, and if possible what the business will be for next week?

Mr. MacEachen: Mr. Speaker, tomorrow we propose to call the resolution in connection with the establishment of the department of corporate and consumer affairs. On Monday we will call the resolution amending the Post Office Act, and on Tuesday we will call the broadcasting resolution.

Mr. Deputy Speaker: Order. In accordance with provisional standing order 39A and subject to the special order made earlier this day a motion to adjourn the house is deemed to have been moved and seconded. Therefore the question is that this house do now adjourn.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

CANADIAN PACIFIC RAILWAY—REQUEST FOR MORE EFFECTIVE METHODS OF DEALING WITH ACCIDENTS

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, during May of this year I received correspondence from Mr. Fred H. Lowe, chairman of the International Railway Brotherhood, whose home is at Nelson, B.C., Mr. R. A. Hyssop, and several other members of the same union urging the need for improved safety equipment on the Kettle Valley Railway. I must explain that the hon. member for Kootenay West and the hon. member for Kootenay East, the parliamentary secretary to the Minister of Transport have a mutual interest in this problem because this section of the Kettle Valley Railway lies within the boundaries of Kootenay West and Kootenay East. That is the reason I asked the following question on May 11, as recorded at page 68 of *Hansard* for that date:

Mr. Speaker, I wish to address a question to the Minister of Labour. I apologize for not giving him notice, but the matter has just come to mind. Has the minister received representations from the rank and file—not the leadership of the union—of the operating crews on the Kettle Valley Railway urging the need for improved safety equipment, stretchers and other things which at present are not supplied, thus contributing to the dangerous conditions under which they operate?

The minister replied:

Mr. Speaker, all I can say at this time is that I will have to take the question as notice.

Later the minister informed me that the matter came directly under the Minister of Transport. Well, the parliamentary secretary took notice of the question and held a meeting with the road service Kettle Valley Railway crews at Cranbrook, and during the recess I had an opportunity to meet with Mr.

Fred Lowe, chairman of the railway brotherhood, Mr. R. A. Hyssop, and others, at Nelson, where they explained in detail the conditions under which they operate.

• (9:50 p.m.)

I was informed by them that the rock and snow slide conditions along the shores of Kootenay lake produce a very serious situation for the men operating the trains in that area. They explained to me their experience with several accidents. They told me of the difficulty which is involved in getting men who were injured to hospital because there is no road access along the shores of Kootenay lake. This area is completely isolated from any road access.

I have personal knowledge of these circumstances because, like the hon. member for Kootenay East (Mr. Byrne), I have travelled over this road on many occasions. I know the circumstances they explained so carefully to me. These men told me they were asking first for restoration of track patrol services along the shores of Kootenay lake because of the dangerous conditions under which they operate at the present time. Second, they want satisfactory first aid equipment such as stretchers and ambulance services. They want the first aid equipment and stretchers provided on the head end of the train and on the rear end of the train, because of the length of the trains and the time that is lost in travelling to the rear of the train to get the necessary equipment if an accident should occur at the front end or at the diesel group.

Third, they wish to have the front end lighting equipment improved. They told me that the front end lighting equipment on the 12 diesel units is woefully obsolete and that the company should do something to improve the lighting equipment on these 12 diesel units to provide safer working conditions. They described to me in detail what has happened in several cases in recent months, and in the last year or two as a result of accidents on this line and because of the lack of access to the first aid equipment, stretchers, and so on.

I bring this matter to the attention of the house because I know the parliamentary secretary is interested in it. Will he inform the house what is being done in order to remedy the circumstances complained of by the rank and file—not the union leaders, because they turned down the requests of the rank and file after the local meeting and said nothing could be done about them. This is something in which the rank and file are involved. I am always anxious to join in that sort of revolt in respect of the Kettle Valley Railway between Nelson and the Alberta border.

Because I know the interest the parliamentary secretary has in this matter and because I know of the time he has spent and the meeting he had with the crews which have their headquarters in the Cranbrook division, I am looking forward to hearing him tell us what has been done to eliminate the conditions complained of.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, perhaps it is coincidental, but as parliamentary secretary to the Minister of Transport and as a member representing the adjoining riding to the riding of the hon. member for Kootenay West (Mr. Herridge) I, along with him, am aware of the importance of this matter.

It is true that I held a meeting with the representatives of the union. They were not entirely rank and file members; they were leaders of the local organizations. I was in Cranbrook on May 17 at which time they outlined to me substantially the problem they had so clearly outlined to the hon. member for Kootenay West. Upon my return to Ottawa I prepared a memorandum which I addressed to Mr. Rump, the secretary of the Board of Transport Commissioners, to the railway company itself and to Mr. Curry of the Department of Labour. I may say that I feel we have had some quite substantial results from these representations. Perhaps the most important undertaking by the company is the authorization of a helicopter equipped with a stretcher for use when an accident occurs and where such ambulance service is required. Use of this helicopter may be authorized by the superintendent on the spot.

The company has argued against the question of patrols on the line, but they have undertaken to provide substitute inspections by members of the various crews and by electric fencing which would indicate when a slide has occurred. The company also has undertaken to equip the head end and caboose with equipment suitable to the occasion, but have argued that very few members of the road crews have first aid training and therefore could not make full use of the equipment.

Mr. Deputy Speaker: Order. I must interrupt the hon. member to advise that the time allotted to him has expired.

PUBLIC WORKS—TORONTO—INQUIRY AS TO AVAILABILITY OF FUNDS

Mr. Stanley Haidasz (Parkdale): Mr. Speaker, I welcome this opportunity to voice my concern about the financial needs of the city of Toronto. Evidently municipal property taxes and provincial grants have not been sufficient to meet the needs in respect of the redevelopment of Toronto. As a city taxpayer and as a member of parliament for Parkdale in the west end of Toronto I must say that those of us who are home owners in Toronto are overburdened with high property taxes. Moreover we are disappointed that the Ontario provincial government has not come to our aid as required. Toronto is growing in population and in physical size. Its buildings, roads and services are growing older and more obsolete.

It is for us Torontonians a great disappointment, as I said a few moments ago, that our petitions to the provincial government have been left unheard. New housing, slum clearance, and downtown redevelopment are acute needs in our city. In order to cope with these problems in Toronto and throughout our country I believe a full time federal ministry of housing and urban affairs must be established without any further delay. Otherwise the continuing and increasing overcrowding in our urban centres will lead to more delinquency, criminality, personal hardship and also physical and mental disease.

It is true that municipalities too often have dragged their feet; but the provincial government must also bear a great share of the blame for this state of affairs. To prevent any further deterioration, the federal government once again must come to the rescue of our local government and show the lead. I hope the measures which the Minister of Finance (Mr. Sharp) has already undertaken and intends to pursue in the near future will not adversely affect the redevelopment programs of the city of Toronto.

Federal financial assistance in an adequate amount is very urgently needed so that the people of Toronto will be in a position to go ahead without further delay with our downtown redevelopment which should include a new C.B.C. building, the relocation of the main postal building and the erection of Toronto's centennial project, the St. Lawrence Centre for the Performing Arts according to the revised plans in order to include training facilities for the people in the performing arts.

• (10:00 p.m.)

Furthermore, federal funds should be made available for the downtown redevelopment plan to provide for apartments, shopping centres, recreational facilities and a face-lifting and expansion of the Canadian National Exhibition grounds and buildings. In particular, Mr. Speaker, the problems of polluted beaches and foul air must be solved in order to make it safe and comfortable for Toronto's increasing population to enjoy the good and full life they deserve.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, the parliamentary secretary, the member for Parkdale (Mr. Haidasz), who is a perfectly bilingual Canadian will undoubtedly allow me to answer him in French.

We understand quite well the interest of the parliamentary secretary for the development of the city of Toronto which brings a considerable contribution to the economy of the country.

As for the C.B.C. complex planned for Toronto as well as the St. Lawrence Centre for the arts, I can say to the house that recently the Secretary of State (Miss LaMarsh) met his honour the mayor of Toronto as well as several aldermen, commissioners and members of the district concerned to discuss the future of those plans.

I can say to the hon. member that the Secretary of State is deeply interested in these two main projects which are the subject of a very special consideration on her part.

In connection with the post office to which the parliamentary secretary referred, I can also assure him that the Department of Public Works is giving very serious attention to the project and that in due time, it will be followed up and an announcement made in the usual manner.

[*English*]

EXTERNAL AFFAIRS—RHODESIA—UN EXPRESSION OF DISAPPROVAL OF RACIAL PRACTICES

Mr. Heath Macquarrie (Queens): Mr. Speaker, I assumed that my question of October 5 was timely because the fourth committee of the United Nations general assembly was then giving consideration to the difficult and painful question of Rhodesia. The fourth committee, on which I had the honour of serving as a Canadian delegate, presided over the process whereby emancipation came

to many peoples whose political status was something less than free.

I well remember in 1962 when the then prime minister of Rhodesia, Sir Edgar Whitehead, appeared before that committee and outlined his government's program for broadening the base of participation by the non-white population in the economic and political life of the country. Alas, Whitehead and his moderate approach were repudiated by the restricted electorate of Rhodesia, and we all know what has followed the installation of the Ian Smith régime and how discrimination based on race dominates the political, social and economic life of that country.

Canada as a senior member of the commonwealth has played a leading role in the establishment of a commonwealth based on the equality of its members. We have also been in the forefront in insisting on the equality of peoples within this interesting international association. At a time when race prejudice is a major social evil, a country like Canada must fight it at home and abroad.

Naturally we cannot ourselves solve the Rhodesian problem, for we all know of the like-minded friends of the Smith régime who are giving him aid and comfort. Indeed, it is easy to be discouraged at the enormous difficulty of translating our sentiment into actions which will be effective in bringing an end to the discriminatory actions of the Smith régime. But, I think we must utilize every opportunity through our membership in the commonwealth and the security council to strengthen the efforts being made by those who are following the decisions of these two bodies. Because so far these efforts have failed of complete success is no reason for their abandonment. Because the domination of the many by the few is destined eventually to come to an end is no cause for relaxing the efforts of those who want that end to come soon and without bloodshed.

It is my hope therefore that Canada, which has given leadership to both bodies in the past, will show initiative in adopting measures which will hasten the day when a majority rule will be established in a free and independent Rhodesia. I hope as well that we may have an answer to my question as to what these measures might be, and that we will be able to see some further evidence of the strengthening of the will of our country in this regard, an attitude I am sure which finds much response among the Canadian people. I know that we will all be anxious to hear helpful words about the planned action on the part of the government.

[Mr. Macquarrie.]

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, the Secretary of State for External Affairs (Mr. Martin) has asked me to make the following statement on his behalf. As the hon. member knows, the Canadian government has been actively involved in efforts to bring about a peaceful solution of the problem of Southern Rhodesia, and continues to be active. The Prime Minister (Mr. Pearson) played a particularly important and constructive role at the meeting of the commonwealth prime ministers in London during September, 1966, when this matter was threatening to divide the commonwealth.

In the United Nations the basic Canadian position was recently stated by the Secretary of State for External Affairs in his address to the general assembly on September 27. The minister pointed out in that statement that Canada had repeatedly expressed its conviction that Rhodesia must not be granted independence before majority rule is attained, and that Canada had complied strictly with the terms of the security council's decisions to apply mandatory sanctions against Rhodesia.

This matter is being considered in two forums. One is the fourth committee of the United Nations general assembly in New York, and the other is the commonwealth sanctions committee which met during September in London. On Tuesday of this week the Canadian representative in the fourth committee of the general assembly, the hon. member for Hochelaga (Mr. Pelletier), parliamentary secretary to the Secretary of State for External Affairs, reviewed once again the Canadian position on this issue. I will not take the time of the house to repeat everything that was said on that occasion, and I am sure hon. members are aware of the government's policy.

The Canadian representative expressed the hope that all countries would co-operate in complying with the security council's decisions on Rhodesia. He went on to say that the Canadian delegation looks forward to receiving the report of the secretary general on the implementation of sanctions, which will be submitted to the security council.

When the security council considers this matter again there is likely to be consideration of whether further mandatory sanctions

are advisable in the light of the anticipated report from the secretary general. The government is giving careful study to alternative proposals, and as a member of the security council Canada will enunciate its views when the question of Rhodesia is again considered by that body.

I referred earlier, Mr. Speaker, to a discussion in the commonwealth context. At the last meeting of the commonwealth sanctions committee, which took place in London about two weeks ago, there was discussion of proposals for strengthening the sanctions against Rhodesia. The discussion of these ideas is continuing in commonwealth circles, but any further action must presumably have to come before the security council and be put into operation by a resolution of that body.

Mr. Speaker, I hope I have made it clear that Canada is continuing to play a most active part in efforts to find a solution to this grave problem by peaceful measures. The hon. member may be sure that the government will take initiatives at an appropriate time and place if such action would appear helpful.

Motion agreed to and the house adjourned at 10.12 p.m.

HOUSE OF COMMONS

Friday, October 13, 1967

The house met at 11 a.m.

PRIVILEGE

MR. MATHER—REPLY OF POSTMASTER GENERAL RESPECTING INCREASED POSTAL RATES

Mr. Barry Mather (New Westminster): Mr. Speaker, I rise on a question of privilege. Yesterday on orders of the day I sought to ask the Postmaster General (Mr. Côté) whether in the event that the ordinary Canadian first class letter rate is increased, as the government proposes, from 5 cents to 6 cents, he would seek to have the international postal rate governing Canadian letters increased likewise; otherwise I said it would cost more to mail a letter from Ottawa to, say, Toronto than from Ottawa to Los Angeles, the present international rate being 5 cents.

My question was ruled out of order. However, at the conclusion of orders of the day the minister rose in his place and stated, as I heard him, that the basis of my question was false. I understand the minister's views, having discussed this matter with him yesterday at the conclusion of orders of the day. However, my point of privilege is that my question, or any part of it, was not false or wrong.

The present Canadian letter rate is 5 cents and it may be increased to 6 cents. Unless the international rate is likewise increased it will indeed cost more to mail a letter from Ottawa to any point in Canada than from Ottawa to the United States. Under the circumstances the words "false" or "wrong" are not acceptable.

• (11:10 a.m.)

EXTERNAL AFFAIRS

VIET NAM—CONSIDERATION BY HOUSE COMMITTEE OF MEDICAL AID

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question for the Secretary of State for External Affairs on the same subject matter on which I questioned him yesterday. In view of the fact that there is no indication in today's *Votes and Proceedings* of a reference to the standing committee on external affairs, and in view of the press statement containing a denial by an external aid office spokesman of some statements which the minister seemingly had endorsed yesterday regarding hospital equipment sent to Viet Nam, can the minister assure the house that he will today move to have the external affairs committee seized of this important matter.

Hon. Paul Martin (Secretary of State for External Affairs): Well, Mr. Speaker, I indicated yesterday that I shared the view that it was desirable that the external affairs committee should meet, and I am willing to accept any procedure that will make it possible for the committee to meet at the earliest possible moment. The chairman of the committee is not here.

An hon. Member: Yes, he is.

Mr. Martin (Essex East): Where is he? I still cannot see him. Now that the attractive curtain hiding the chairman has been drawn, I do see him. I do not think the procedure suggested is the proper way. I do not think I have the right to move that the committee should sit, but I should like to join with my hon. friend and say to him that if he, the chairman or any other member can devise a procedure by which this can take place at the earliest possible moment, they will have my full support.

Mr. Macquarrie: Is the minister not of the opinion that he could in fact move that the report of his department be referred to the committee?

Mr. Speaker: Order, please.

Mr. Martin (Essex East): I so move.

Mr. Speaker: Order, please. The motion is out of order.

NATIONAL DEFENCE

POSSIBLE EFFECT OF U.S. ANTI-MISSILE DEFENCE SYSTEM

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister. I should like to ask whether his attention has been drawn to an

interview which the Toronto *Star* had with Dr. Ralph Lapp, the eminent nuclear scientist who thinks the United States anti-ballistic missile system will ultimately involve Canada. In view of Dr. Lapp's statement that Canadians could be hurt by the intercepting missiles exploding 100 miles overhead, causing eye damaging fluorescent flicker and possibly incendiary action to burn homes below, is any study being made by the Canadian government as to the effect of the thin line anti-ballistic missile system proposed, and are any representations being made to the United States government with regard to the possible effects upon Canadians as a result of the construction of this anti-ballistic missile screen?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have not read the statement attributed to Dr. Lapp. I shall be glad to do so, and if there is anything useful I can say about it I should be glad to do so at the earliest possible moment.

Mr. Douglas: Have there been any discussions between the Canadian government and the United States government regarding the anti-ballistic missile system, and has any information been given to the Canadian government concerning the possible effects of such a system upon Canadians?

Mr. Pearson: Yes; there have been discussions, and reference has already been made to them in the house. All aspects of this matter were discussed with the United States government, even though the Canadian government is not directly involved in any way in this decision.

Mr. Douglas: I have a further supplementary question, Mr. Speaker. I should like to ask whether any assurance has been given to the Canadian government that Canadians would not be adversely affected by the construction of this system.

Mr. Pearson: Mr. Speaker, certainly if there were an attack on this continent Canada would be adversely affected.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO APPOINTMENT OF PRESIDENT

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to put a question to the right hon. Prime Minister.

According to certain sources, the Prime Minister was to announce today the appointment of the new chairman of the Canadian Broadcasting Corporation. Since he has failed to do so until now, is he in a position to say when he intends to announce this appointment to the house?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think the statement made by the Secretary of State for External Affairs yesterday is a little more ambiguous than as interpreted by the hon. member. I have read it very carefully, and there was a certain desirable ambiguity. I cannot make a statement on this matter this morning, but I hope to do so very soon.

[*Later:*]

Mr. Robert McCleave (Halifax): In the absence of the leader of the second battle of Lundy's Lane may I inquire of the Prime Minister if the C.B.C. appointments have yet been decided upon.

Mr. Pearson: My hon. friend should have been in the house a little earlier.

Mr. Speaker: Order, please. The question has already been asked.

ADMINISTRATION OF JUSTICE

STATEMENT BY FORMER R.C.M.P. COMMISSIONER RESPECTING ORGANIZED CRIME

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a question to the Prime Minister based on the statement made last night by ex-Commissioner Harvison of the R.C.M.P. to the effect that United States organized crime is taking over Canadian organized crime. In view of this alarming disclosure will the Prime Minister now take immediate action to set up a royal commission to investigate organized crime in Canada?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker; I do not think the establishment of a royal commission would be the best procedure in respect of this matter.

Mr. Woolliams: I have a supplementary question for the Minister of Justice. Has the minister or his department any information confirming or corroborating ex-Commissioner Harvison's disclosure, and will he make a

statement now or at some later time in this regard?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, if I may be permitted to deal with this question I should like to say that I have not personally seen the statement. The information I have puts a different interpretation on the remarks of the former commissioner than that presented to the house by the hon. member for Bow River.

DEFENCE PRODUCTION

INQUIRY AS TO PRODUCTION OF ANTI-SUBMARINE HYDROFOIL

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to ask the Minister of National Defence whether the government is considering a decision not to order into production a high speed anti-submarine hydrofoil boat because of the high cost involved even if the sea trials of the prototype are successful.

Mr. Speaker: Order, please. I doubt whether this is an urgent matter. If it is, perhaps the hon. member will so indicate to the Chair. I feel this is a question which might properly be placed on the order paper.

Mr. MacLean (Queens): With respect, Mr. Speaker, I should like to point out that this matter is of grave importance to the future defence of this country, and if a decision is in the process of being taken at this time the country should be aware of it.

Hon. Léo Cadieux (Minister of National Defence): I can say in relation to this question, Mr. Speaker, that all the expenditures of the defence department and every other department are now being subjected to careful review. This review will include development projects such as the one referred to by the hon. member.

AIR CANADA

WINNIPEG—DISCUSSIONS RESPECTING OVERHAUL BASE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Will he make a statement about the results of his meeting yesterday with Premier Roblin concerning the Air Canada overhaul base at Winnipeg, and in particular will he say whether he repeated the government's assurance that the base would not be moved until 1973?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, Mr. Roblin discussed the matter with me early yesterday morning. We reviewed the situation in the light of past declarations by the federal government. I emphasized that the announcement by Air Canada was as much a surprise to us as it was to him. We exchanged views as to what best might be done, and I have already taken the matter up, following Mr. Roblin's departure, with the Minister of Transport. I informed Mr. Roblin that I would get in touch with him again as soon as my discussions with the minister were completed.

EXPO '67

POSSIBLE EARLY CLOSING DUE TO TRANSPORT STRIKE

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In view of the possibility that Expo may be forced to close earlier than the scheduled date because of the strike of transport workers, is the government ready to take action in conjunction with other Expo authorities in order to prevent such an event?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope that will not be necessary and that Expo will not close until the appointed date, October 29.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to put a supplementary question.

The Prime Minister says he hopes that it will not be necessary, but if it should become necessary, is the federal government in a position to act now to stop Expo from becoming a fiasco?

Mr. Speaker: Order, please. It seems that this question is becoming hypothetical.

[*English*]

NORTHERN AFFAIRS

ALASKA HIGHWAY—REQUEST FOR STATEMENT ON NEGOTIATIONS WITH U.S.

On the orders of the day:

Mr. Bert Leboe (Cariboo): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. Has the minister anything to report in connection with the negotiations with the United States respecting the Alaska highway? Can he tell us what progress has been made in these

negotiations, and is he in a position to make a policy statement in connection with the improvement and paving of this important highway?

Mr. Speaker: Order. I would think this is the type of information which should be conveyed to the house by way of a statement on motions.

HOUSING

PROPOSED ASSISTANCE TO REDUCE COST OF LOANS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. On Tuesday last I asked the Prime Minister whether consideration had been given, or a decision reached, with respect to a resolution passed by the Vancouver city council on October 3 relative to a reduction in the cost of housing loans similar to the bonus under the winter works program. At that time the Prime Minister said he would like to take the question as notice and reply on Wednesday. This being Friday, I would ask the Prime Minister whether he is now in a position to answer my question of last Tuesday.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the resolution in question was received by me on Tuesday. On October 12 I wrote to the city clerk of Vancouver to the effect that I was giving this matter consideration and would be discussing it with the minister particularly concerned. I said I would write to him again as soon as I had something to report. I cannot add to that at this moment.

INDIAN AFFAIRS

REQUEST FOR TABLING OF REPORT "INDIANS AND THE LAW"

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development about a report entitled "Indians and the Law", which I understand was commissioned under the auspices of the Canadian Welfare Council. Has the minister received this report? If so, will he table it in the house, and if so when?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): The report has been received, Mr. Speaker. I have not had an opportunity of studying it. I would not want to assure the house today that it would be our intention to table the report, but I would hope to do so.

[Mr. Leboe.]

ALBERTA—DEATH FROM MALNUTRITION OF INDIAN CHILD

On the orders of the day:

Mr. David Orlikow (Winnipeg North): A supplementary question, Mr. Speaker. I should like to ask the minister whether his department is looking into the report of an inquest held in Lethbridge in connection with the death of an Indian child on a reserve there, and the statement made at the inquest that there seemed to be negligence on the part of the department's officials in that area.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I think this question was asked and dealt with rather fully yesterday, if the hon. member would refer to *Hansard*.

CAPE BRETON DEVELOPMENT CORPORATION

INQUIRY AS TO APPOINTMENT OF PERSONNEL

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Could the minister indicate when he expects that the board of the Cape Breton Development Corporation will be appointed, and when they will begin their work?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Some time next week, Mr. Speaker.

Mr. MacInnis (Cape Breton South): A supplementary question, Mr. Speaker. Is the minister aware of any conditions that may be developing which will worsen the task of this board?

Mr. Pepin: I am sorry, Mr. Speaker; I did not get the question.

Mr. MacInnis (Cape Breton South): Is the minister aware of any conditions that are developing which may worsen the task with which this board is faced?

Mr. Pepin: No, Mr. Speaker.

HIGHWAY SAFETY

MINISTERIAL RESPONSIBILITY FOR QUESTIONS RAISED IN HOUSE

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, in order that we may properly direct our questions in the future I would ask

the Prime Minister this question. Has responsibility in the field of highway and automobile deaths and injuries, formerly held by the Minister of Industry, now been passed over to the Minister of Transport?

Right Hon. L. B. Pearson (Prime Minister): I hope the minister concerned will be able to make a statement on this matter next week.

EXTERNAL AID

INQUIRY AS TO FURTHER ASSISTANCE TO UNDERDEVELOPED COUNTRIES

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is directed to the Prime Minister. In view of his statement yesterday that the world is losing the fight to save underdeveloped nations from poverty and starvation, can the right hon. gentleman tell the house whether the Canadian government is planning any new Canadian initiatives with a view to reversing this tide?

Mr. Speaker: Order. The question is much too general in scope, and cannot be asked at this time.

AGRICULTURE

FEED GRAIN—REQUEST FOR STATEMENT ON FREIGHT SUBSIDY

On the orders of the day:

Mr. R. K. Andras (Port Arthur): Mr. Speaker, my question is directed to the Minister of Forestry and Rural Development. Has any final decision been taken by the Canadian livestock feed board regarding payment of freight subsidies on feed grain shipments to northwestern Ontario?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Effective Monday, October 16, the Canadian livestock feed board will amend its regulations to designate those areas in Ontario west of the lakehead as a part of eastern Canada and grain corn as feed grain for the purposes of our act. The feed board will also amend its regulations to establish rates of freight assistance in northwestern Ontario and Kenora-Rainy River—

Mr. Speaker: Order, please.

[*Translation*]

Mr. Ricard: I rise on a point of order, Mr. Speaker.

I think that the minister should have made his statement on motions so as to allow us at that time to express our point of view and make some remarks.

Mr. Speaker: Order. Of course, it is somewhat difficult to determine if this statement by the minister in fact should have been made on motions. It is advisable for the Chair to hear the statement and, as a rule, it is late then to make a ruling, since the statement has already been made.

However, I would ask the minister to conclude his statement as soon as possible, because there is certainly no justification, in my opinion, to use the question period so as to make statements which normally should have been made on motions.

Mr. Sauvé: Mr. Speaker, last week—

Mr. Ricard: That is exactly what I wish to bring to your attention, Mr. Speaker. Once this statement is made, we will have no opportunity to express our views.

When I saw Your Honour rise, I wanted to make it easier for you, and that is why I raised a point of order.

Mr. Sauvé: Mr. Speaker, I could perhaps have made that statement earlier, but many members on both sides of the house have put questions to me in the past two weeks and I told them I would try and answer them today. This very brief reply concerns farmers in Ontario, Quebec and the maritimes. With your permission, I will go on reading my statement.

[*English*]

—to amend regulations to establish—

[*Translation*]

Mr. Speaker: Order. I am placed in a difficult position when the minister says that he wishes to go on reading his document; I would prefer it if he would answer the question.

Mr. Sauvé: Mr. Speaker,

[*English*]

—to amend regulations to establish—

Mr. Speaker: Order, please.

Mr. G. W. Baldwin (Peace River): On a point of order, Mr. Speaker, the house will probably give unanimous consent for the minister to revert to motions.

Inquiries of the Ministry

Mr. Speaker: Order, please. Is it agreed that we revert to motions for the purpose of allowing the minister to make a statement?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Some hon. members disagree. I suggest to the minister that perhaps he has conveyed sufficient information for his purpose, and that if hon. members want to know more they can always get in touch with the minister after orders of the day.

Mr. Sauvé: I am surprised at the opposition of some hon. members, because my statement contains good news for farmers.

[*Translation*]

[*Later:*]

Mr. Jean Berger (Montmagny-L'Islet): Mr. Speaker, since the minister responsible for ARDA has been unable to convey the good news to all farmers because he was unable to obtain unanimous consent, could we ask him to assure us that they will be informed later, so that all our people will know the good news tomorrow?

Mr. Speaker: The hon. member has made a suggestion to the minister. This is not a question.

[*Later:*]

Mr. Jean-Paul Matte (Champlain): Mr. Speaker, I wish to direct a question to the Minister of Forestry and Rural Development.

Has the Canadian Livestock Feed Board reached a decision about paying transportation charges of winter wheat and corn from Ontario to Quebec and the maritimes?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker—

[*English*]

TRADE

PROPOSED U.S. QUOTA RESTRICTIONS ON IMPORTS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I would like to ask the right hon. Prime Minister a question regarding the very disconcerting news that legislation is being introduced in the United States congress to impose import quotas not only with respect to steel but also with respect to oil, textiles, meat, lead and zinc, dairy products, watches and mink. In view of the fact that the imposition of import quotas could completely nullify all the benefits of the so-called Kennedy round under GATT, is the Canadian government aware of the pending bills in the United States congress and are any steps being taken by the Canadian government to forestall such action?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, we are very much aware of this. As my hon. friend knows, these bills have not yet been introduced let alone converted into law. We will do our best to protect the interests of this country in respect of measures of this kind which may be introduced into the congress.

Mr. Eldon M. Woolliams (Bow River): May I ask a supplementary question. Would the government be prepared to adopt the suggestion made by Mr. Carl Nickle of Calgary, one of the leading men in the petroleum industry, to discuss with Great Britain the prospects for extending our trade in petroleum products with that country?

Mr. Pearson: We would be delighted to discuss this and other matters with such an eminent authority as Mr. Nickle.

EXTERNAL AFFAIRS

VIET NAM—SUGGESTED ADOPTION OF COMMON POLICY WITH U.S.

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): My question is directed to the Secretary of State for External Affairs. In view of the fact that the solution to the fighting in South Viet Nam lies mainly in the withdrawal of communist troops from that country, and in view of the fact that Canada's participation in the collective defence of the North American continent and our endorsation of the principle of mutual security of our two countries—

Mr. Speaker: Order. The hon. member should really be asking a question. I suppose what was said to the Minister of Forestry and Rural Development a moment ago in respect of answers would apply to questions as well.

Mr. McIntosh: With all deference to you, Mr. Speaker, the hon. member who put the previous question started with "In view of the fact", and I thought I could do that as well. My question is this: Would the minister not agree that Canada should adopt a policy of common objectives with the United States with regard to the fighting in Viet Nam? These objectives should include, first, the

preservation of independence of other countries; second, the defeat of communism—

Mr. Speaker: Order, please.

NATIONAL PARKS

PRINCE EDWARD ISLAND—REQUEST FOR SECOND PARK

On the orders of the day:

Mr. Heath Macquarrie (Queens): I should like to direct my question to the Minister of Indian Affairs and Northern Development. It is based upon his statement concerning the need for the development of three new national parks per year. I wonder if he is in a position to indicate now that one of the first three will be the long awaited second national park in Prince Edward Island.

Some hon. Members: Niagara Falls.

Mr. Speaker: Order, please.

PENITENTIARIES

REQUEST FOR COMMITTEE CONSIDERATION OF WOMEN'S PENITENTIARY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct my question to the Solicitor General. In view of the known concern of the Solicitor General with regard to the women's penitentiary in Kingston and the conflicting evidence submitted to the joint committee of the House of Commons and Senate on this matter, may I ask the Solicitor General if he will use his influence to request the co-chairmen of this joint committee to call a meeting at the earliest possible moment, in order that the committee may receive further evidence and submit a report to the minister?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the department of the Solicitor General is always anxious to co-operate with the committee, and I am sure the hon. member will attest to that fact. I will do whatever can be done to attain the objective the hon. member has in mind.

OLD AGE SECURITY

INQUIRY AS TO POSSIBLE INCREASE IN PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Is the minister yet in a position to announce the amount of the increase that will take place in the old age security pension in January as a result of the rise in the cost of living?

Hon. A. J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker, not today.

Mr. Knowles: May I ask a supplementary question. Can this announcement be made soon?

Mr. MacEachen: Yes, Mr. Speaker.

NATIONAL DEFENCE

REQUEST FOR EARLY MEETING OF HOUSE COMMITTEE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct my question to the Minister of National Defence. In view of the report that the personnel of the Canadian armed forces will probably be reduced to 100,000, and in view of the decision to cease C.O.T.C. activities, will the minister consider using his influence to have the defence committee called at an early date in order that the committee may hear reports and consider the policy decisions with regard to defence made by his department?

Hon. Léo Cadieux (Minister of National Defence): I would be glad to study that suggestion.

CORPORATE AND CONSUMER AFFAIRS

PROVISION FOR ESTABLISHMENT OF DEPARTMENT, APPOINTMENT OF PERSONNEL, ETC.

Hon. John N. Turner (Registrar General) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a department of corporate and consumer affairs; to provide for the appointment of a minister and a deputy minister and for their duties and powers; to provide that the governor in council may establish a consumer advisory council and other bodies to assist the minister and for the remuneration and expenses of the members thereof; and to provide for certain other matters related or incidental thereto.

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

Mr. Turner: Mr. Chairman, I do not intend to speak at any great length at the resolution

stage of this measure. The bill itself is not yet before the house. I know that under the rules and practices of this house a resolution is required whenever there is a fiscal or monetary feature attached to a bill involving a charge upon the consolidated revenue fund. I might say, however, that the fiscal features of this particular bill are rather subordinate to its main purposes, one of which is to reorganize the Department of the Registrar General and convert it into a department of corporate and consumer affairs.

I intend, Mr. Chairman, if the committee will allow me, to make a full presentation on second reading if the house adopts this resolution today. The resolution stage has now been reduced to one day under the rules of this house. I am most anxious to hear what hon. members have to say at this stage of the proceedings. At one time the resolution was required for traditional and historical reasons, when the Commons went to the monarch and asked for permission to introduce a bill involving money, but without in any way suggesting that the debate should be restricted, I am led to wonder if this practice has not become rather an appendix of history.

In any event I intend to get down to the issues at some length on second reading, so this morning I will confine myself to saying that the principal aim of the legislation proposed in this resolution is to achieve a further rationalization of the organization of government at the federal level. I believe, sir, that a significant step was taken earlier, when the Department of the Registrar General was established in 1966, at which time we brought together for the first time a number of functions relating to corporations, combines, patents, trade marks and bankruptcies, in order to ensure the better co-ordination of policy in these fields.

[*Translation*]

Mr. Chairman, the aim of this legislation is to promote co-ordination in the field of consumer affairs. In the past, the activities of the federal government with regard to the protection or information of consumers were divided between several departments, that is to say there never was any co-ordinated program or, if I may be allowed to use that term, any appeal court for the consumers who wanted help or information from the federal government

[Mr. Turner.]

• (11:40 a.m.)

[*English*]

I think the need has now become evident, Mr. Chairman. The consumers association of Canada appealed to the government as early as 1960 and on numerous later occasions to create a department which would be responsible for the interests of consumers. Members of the committee will recall that the matter was also studied by the special joint committee of the Senate and House of Commons on consumer credit and the cost of living during the fall and winter of 1966-67. In its interim report in December, 1966 the committee, ably chaired by Senator Croll and the hon. member for Vancouver-Burrard, firmly endorsed the concept of a department to be responsible for consumer affairs.

During the period of the joint committee's hearings the federal government's responsibility in the field of consumer affairs was being investigated by the Economic Council of Canada. The economic council's examination arose, as members know, from the formal request by the government in July, 1966 that the council study and advise regarding the interests of the consumer, particularly as they relate to the functions of the Department of the Registrar General. There were other issues as well which were raised in this reference, those relating to combines, mergers and restrictive trade practices and those relating to patents, trade marks and copyrights.

Last summer, in July 1967, the economic council issued an interim report in which it concluded, among other things, that the primary responsibility for consumer affairs should be centred in the Department of the Registrar General. The view of the economic council, with which I completely concur, is that the federal government's consumer program could be administered more efficiently through improved co-ordination.

The opinion that consumers need a more adequate voice in government has received parliamentary support. It has received support from independent agencies as well as a wide measure of support, I believe, from the Canadian public. It is the purpose of this proposed legislation to ensure that the voices of the consumer, whether those voices be organized or unorganized, will be listened to. To our mind, Mr. Chairman, the most effective way of achieving this is to streamline and rationalize both the channels of communication and federal activities in the whole field of consumer affairs.

[*Translation*]

The house will note, as well, that the resolution provides for the establishment of a consumer advisory council as recommended by the Economic Council of Canada in its interim report of last July. I feel that such an advisory council will be greatly helpful, not only to the minister but also to the department, in our efforts to help the Canadian consumer.

I shall have more to say about that during the debate on second reading of the bill. I shall describe what we now plan for the overall program.

[*English*]

The proposal to include both consumer affairs and corporate affairs within one department calls for an explanatory comment once again. In my defence of the estimates before the house rose for the summer adjournment I recall that the hon. member for Vancouver-Kingsway had a good deal to say about this question. I will not repeat what I said in anticipation of her argument at that time, sir, but I would say that corporate affairs in this context, in the context of the reorganization envisaged by this bill, refer to certain specialized functions of the federal government relating to corporations and corporate securities, to combines, mergers, monopolies, restraint of trade, bankruptcy, insolvency, patents, copyrights and trade marks.

One of the main purposes of the Corporations Act is to help protect the investing public. In the same sense the purpose of the Combines Investigation Act is to ensure that businessmen large and small and the general public are not damaged by the improper use of market power. Creditors in turn benefit from regulations governing bankruptcy and insolvency, and thus improvements have to be made there in both the administration and, of course, the law itself.

Mr. Nielsen: And enforcement.

Mr. Turner: The rules respecting patents, copyrights and trade marks protect the long established rights of inventors and innovators, both corporate and individual. So any notion that there will be a conflict of interest between the corporate aspects of the department and the consumer aspects would, with respect, involve a misunderstanding of the kind of corporate functions that this department is to perform.

I said that in order to represent the demand side of the market place and to give the consumer and investor a direct voice in governmental affairs, any department charged with that responsibility would have to have some authority over certain aspects of the supply side of the market place. Those aspects of the supply side of the market place are covered within the corporate affairs functions of this department.

I think, Mr. Chairman, that at a time when parliament and the public are quite properly concerned about the level of government expenditures it is sensible and economical to convert the Department of the Registrar General into a department of corporate and consumer affairs rather than to duplicate in an entirely new department the administrative and other central services that any department must have. I think in this way we can bring to bear on the problems of the consumer some of the experience and expertise of the older branches of government, particularly the combines branch.

We will be recruiting a small number of carefully selected officials in the field of consumer affairs, but much of our work will take the form of ensuring the co-ordination of existing governmental activity; we have no intention of building up a vast new bureaucracy.

[*Translation*]

I trust the house will agree that the report of the joint committee of the Senate and the House of Commons, and the interim report of the Economic Council of Canada and other public bodies, pointed out the necessity of creating a department to represent and promote the interest of the consumers. I also trust this committee will give its whole-hearted support to the resolution.

[*English*]

Mr. Nielsen: Mr. Chairman, we expected the minister to deal in greater detail than he has done with the interim report of the economic council in connection with consumer affairs and the Department of the Registrar General. I may have misheard the minister, but in his remarks I thought he stated that involved in this resolution and the bill to follow is an intention to convert the Department of the Registrar General into one of corporate and consumer affairs. If I understood the minister correctly this in essence conveys, to me at any rate, that it is the intention of the government, if this legislation is given approval, to do away with the Department of the Registrar General.

• (11:50 a.m.)

The minister indicates that this is not the case. I did not think it was. I believe we should look at this matter in its proper perspective. What in fact is being done by this resolution is to ask parliament to approve the creation of a new and separate department of government. What is inherent in the resolution is the request that parliament approve the establishment of a consumer advisory council and other bodies to assist the minister in the performance of whatever functions he may be given power to perform under the provisions of the bill.

I can well understand the embarrassment of the government in connection with the fourth annual report of the economic council. Perhaps I have an overly inquiring or suspicious mind, but to me those words in the resolution imply that the government wishes to do away with the economic council in order that in future they will suffer no such embarrassment as confronts them as a result of the council's fourth annual report.

An hon. Member: Utter nonsense.

Mr. Nielsen: The hon. member says "Utter nonsense", but the words in the resolution make it clear that the government wants to establish a consumer advisory council. We already have an Economic Council of Canada which has made certain recommendations in connection with consumer affairs, recommendations which incidentally are not being followed by the government. The minister passed very lightly over the real reasons for establishing the department. He did not deal with the specific recommendations of the economic council. He did not explain to this committee why the advice of the economic council was not being followed. The economic council made specific recommendations knowing full well what were the recommendations made by the special committee which the minister praised. That committee may have recommended that a new department be set up. However, in the knowledge that the committee had made such a recommendation the economic council took pains to disagree.

There is certainly a need for co-ordination. The economic council points this out on pages 19 and 20 of its interim report. I would specifically draw the attention of the minister to what appears at the top of page 20, where the economic council has this to say:

> The implementation of these recomendations does not require a vast expansion in government activity and in the size of the bureaucracy. Any such tendencies should be strongly resisted as being neither necessary nor wise.

[Mr. Nielsen.]

The reference in the first line is to the recommendations of the economic council. In spite of this the decision of the government has been to press right ahead with the proliferation of the bureaucracy, which is about to progress in true Parkinsonian fashion, to use another of the economic council's phrases. A little further on the council has this to say:

> In view of the wide scope of consumer interests and the many departments which are engaged in activities affecting consumers, there is no possibility of concentrating all these activities in a single department, nor would it be desirable to try to do so.

How well I remember those now occupying the treasury benches, particularly the Minister of Finance, castigating the previous government for its failure to follow advice. Here they are flying in the teeth of advice given to them by eminent experts in the fields of labour, economics and industry. What the economic council does recommend—and it is put into words a little later on page 20—is this:

> A great improvement in present methods of co-ordination is necesary, and for this purpose we recommend the establishment of an interdepartmental committee on consumer affairs under the chairmanship of the deputy registrar general. The committee should include the deputy ministers of trade and commerce, national health and welfare, industry, agriculture, fisheries, insurance, finance and justice and such other departments as have a continuing interest in consumer matters.

Note that the council does not recommend the setting up of a new department. The minister may very well reply to this argument by saying it is not the intention of the government to appoint a separate minister but that the department will be administered by himself. This is no guarantee that a separate minister will not be appointed at some time in the future. The government might change its mind. The hon. gentleman cannot in honesty rise and give an assurance that a minister will not be appointed at some time in the future to handle the affairs of this department. He cannot do so, if only for the reason that if the bill passes, subsequent governments would not be bound by such an assurance.

There is, however, to be a deputy minister, according to the resolution and it does, in fact, represent a proliferation of the bureaucracy. The council went on to recommend—

> This committee should have a permanent secretariat within the department of the Registrar General which would asist in the work of the committee and in keeping the minister informed of federal government activities in the field of consumer affairs.

The minister took pains to say it is not the intention of the government to propagate bureaucracy, if I may paraphrase his words but this in effect is what he and his colleagues are doing. The government can almost be described as promiscuous in this area of propagating new departments. If they need advice they get it. They receive specific recommendations, but they do not follow those recommendations. One would almost be constrained to prescribe the pill for them to end this profligate conduct of the government.

On page 22 the economic council goes on to say it has—

—carefully considered the advantages and disadvantages of transferring responsibilities for other existing federal government functions to the Registrar General and recommends that at the present time only a few such transfers be made. This decision should, however, be subject to review after a period of experience in the operation of the new Department of the Registrar General.

Not, hon. members will note, of a department of consumers affairs.

At that time, in the light of what has been achieved in the way of improved performance—

Having regard to the past performance of this government I doubt whether the optimism of the council here can be accepted

—and co-ordination of consumer functions by the federal government, the question can be considered whether further transfers of such functions to the Registrar General should be made.

• (12 noon)

The next phrase is very important. The council says:

If the present recommendations of the Economic Council are accepted, they should not require any significant net growth in the federal public service. Our emphasis is on the improved organization, rearrangement and co-ordination of activities, and not on the proliferation of staff engaged in these functions.

How in the world can the government justify itself in flying in the teeth of that kind of recommendation?

In the fourth annual report of the council they were quite concerned over government expenditures. On page 260 of that report they expressed their concern in these words:

It is also a striking fact that, in spite of the very large increases in defence expenditures which took place in the United States in 1965 and 1966 as a result of the increased involvement in Viet Nam, government spending rose more rapidly in Canada than in the United States in these two years. Over the period 1963-66, total government expenditures at all levels of government rose by about 25 per cent in the United States and about 35 per cent in Canada. Total non-defence government expenditures now represent nearly 30 per cent of gross national product in Canada, but only about 20 per cent in the United States—a difference reflecting, among other things, relatively higher expenditures in Canada for social welfare, transportation, interest on the public debt and subsidies.

On page 261 of the report these words appear:

These developments have led to a growing uneasiness in Canada about the current pace of the over-all advance in government spending. The council shares this uneasiness—

And they refer to the Parkinsonian build-up of the bureaucracy. I commend this report and these recommendations to the minister and to the government. Why are they not being followed? It seems to me that the recommendation of the council that a very careful approach be made to the problem of organization and co-ordination is an extremely reasonable one, but the government leaps in with both feet and is again incurring large expenditures in the creation of a separate department.

The minister might say, "Well, your fears are unfounded." He might even give us an estimate of the amount that is going to be spent, the anticipated cost of the functioning of the new department. However, we had that experience at the time of the creation of the Department of Industry when we in this house were led to believe that it was only going to cost $35 million to operate that new department. Now the cost is well over $100 million and is still rising. This is what is going to happen here.

The economic council put it this way on page 27 of their interim report:

In summary, the proposed functions of the emerging Department of the Registrar General in the field of consumer affairs are co-ordination, research and information activities, representation of the consumer interest, and the administration of a limited number of laws affecting both trade and financial matters. It is not anticipated nor intended that a substantial increase in the size of government staff should be necessary to perform these functions satisfactorily.

The council concludes on page 29 of its report:

The above recommendations constitute a number of practical steps towards better organized and more effective consumer policies in Canada. Among other things, they give to the Department of the Registrar General, in the field of consumer affairs, a central co-ordinating role within the federal government and a coherent group of operating responsibilities. This should help to provide a sound administrative base for the future pursuit of consumer policies.

Flying in the teeth of those recommendations the government sets up a new department. When the minister closes this debate he

may make, as I am sure he will, the most honest and sincere attempts to reconcile our fears that this new department is going to result in what the council calls a Parkinsonian growth of the bureaucracy. But he cannot allay mine. I would really like to be convinced.

There are 24 ministers now and this new department will mean 25. Another for housing and urban development will increase the number to 26. The race is on, and all the time the consumer price index is going up. This government is one of high costs.

Mr. Turner: On a point of order, Mr. Chairman, I do not want to intervene in the very interesting argument of the hon. member for Yukon, but as he has not seen the bill I quite understand how he might have been led into error. There is no new department. The present functions of the Department of the Registrar General will be assumed under a new department of corporate and consumer affairs. The Registrar General's functions will be continued and the only new responsibilities will be those for the co-ordination of consumer affairs and corporate securities. So there is no new department added to the list of government departments.

Mr. Nielsen: Of course we have not seen the bill. If that is what the bill says then it will go a long way to allay my fears. The minister says there is going to be no new minister but that is not what the resolution says. The resolution says:

> That it is expedient to introduce a measure to establish a Department of Corporate and Consumer Affairs; to provide for the appointment of a minister and a deputy minister and for their duties and powers—

I know it is probably the initial intention of the government to appoint the Registrar General as the minister of the new department if the bill passes, but I am saying to him that there is no guarantee that there never will be a separate minister for this department. Why is it necessary to have a separate department? Why is the economic council not right? Why are these eminent gentlemen, led by Dr. Deutsch, not right in suggesting there should be an interdepartmental committee?

Mr. Turner: There is.

Mr. Nielsen: They have expressed fears that proliferation is going to happen. On page 13 of the interim report they set forth the myriad of branches, divisions and activities in the various departments of government which involve the consumer spectrum, and they suggest that the approach be slow and cautious and that all these functions not be transferred immediately. They recommend that some of them be transferred now and that, in the light of improved organization and co-ordination, reconsideration should be given at a later date as to what further functions should be transferred.

I cannot understand, and I am sure we are all in the same quandary, why the government is not following the advice of the economic council. As I say, the government is a high cost government, a high tax government, and all the time the consumer price index is going up.

I think it pertinent to place these figures on the record. In 1963 the consumer price index was 133.0, in 1964 135.4, in 1965 138.7, and in 1966 143.9. I have not got the most recent index but there we have a rise of almost 11 points in three years. The government's answer is: Establish another department. The government's answer is that the Economic Council of Canada is wrong, that its members obviously do not know what they are doing, people like Dr. Deutsch and those associated with him who prepared this report, all men eminent in their fields.

I wonder whether the minister has yet seen an article concerning him in *Canada Month.*

The Assistant Deputy Chairman: I hate to interrupt the hon. member but the time allotted to him has terminated.

Some hon. Members: Carry on.

The Assistant Deputy Chairman: Does the committee give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

• (12:10 p.m.)

Mr. Nielsen: I will send this article to the minister after I quote from it. It is an article about the minister and there is quite a nice picture of him. It says:

> This is a high-powered young man who is taking over the cabinet-level regulation, protection and what have you on behalf of "the consumer" in Canada.
>
> If you concede—and many Canadians seem to—that a truly free market cannot work, then this young man, and his new job, will appear quite sensible.

My great fear is that the minister is going to be riding a wild mustang that will be soon galloping all over the corral of consumer affairs in the government. This is what is

going to happen. I have a speech here by the minister on the public demands on advertising made at the annual meeting of the Canadian Institute of Advertising in Montreal on September 22, 1967. The *Canada Month* article quotes the minister as saying:

"There's a difference—

He is referring to advertising.

—between honest exaggeration and deception. I think everyone is entitled to puff up his own product", Turner adds—oddly enough, just at the point where I was wondering how the misleading advertising legislation might apply to political parties.

This is a very interesting observation. I wonder whether there will be contained in this legislation, or whether the government thought of embodying this principle in it, provisions which will prohibit the kind of advertising we saw during the last and previous election campaigns when $2 wheat, $1,000 scholarships to students and all sorts of hairy promises were made. It seems to me it is a little difficult for the minister to make this kind of speech on advertising in the face of that sort of condition.

In essence we on this side of the house believe that the government is not following a prudent course in setting up a new department to deal with the growing and vexing problem of consumer affairs in this country. We believe that the advice given to the government by the Economic Council of Canada, advice which has cost the Canadian taxpayer a good deal of money, should be followed. It seems to me that this advice is reasonable and must be eminently sound because of the calibre of the individuals who are giving advice to the government.

They have stated specifically that it is impractical, if not impossible, for all of these functions to be handled by a single department. That is the position we on this side take. We will not stand in the way of the government if it insists on proceeding in this fashion, but we will make every effort to bring the government to its senses so that it will accept advice, which hon. members on that side of the house so often criticized us for not accepting when they were in opposition. The advice they have received is not that a new department should be created but rather that there should be a reorganization and co-ordination which could be accomplished without any proliferation of the bureaucracy and by simply setting up an interdepartmental committee. That is all they recommended. This seems to be eminently practical and reasonable both in terms of administrative efficiency and in terms of cost.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, as we debate this resolution the cost of living is rising steadily. The hon. member who has just preceded me has drawn attention to the figures in the index. I have here the issue of the *Financial Post* for October 7 in which it is pointed out that there has been an accelerating decline in the value of our dollar and what it will buy in Canada now. The article states that the Canadian dollar of 1925 is barely worth 50 cents today and that inflation is clearly evident on the housing front where the price of new houses financed under N.H.A. has risen by almost one third during the past four years. It mentions that after a slower rise last fall and winter consumer prices are again moving up quickly and that the rate of advance now is almost as rapid as it was in the inflationary months of 1965-66. The article goes on to say:

Higher food prices were behind most of the big rise of consumer prices in 1965-66 and, although edging up again, are not as big a push force as other components of living costs.

The heaviest pressure now on consumer prices comes from services. Most stable prices for a decade have been those of manufactured goods. But with narrowing profit margins, producers are currently pushing up the prices of a widening range of items.

The *Financial Post* sums up by saying:

Consumer prices are rising quickly once again and this time it's an across-the-board advance.

What does this mean? It means that the consumers of Canada are finding themselves naked and defenceless before the winds of heaven. They have appealed to this government for help time and time again over the past few years, and they have appealed with increased urgency as the cost of living has been rising. As the minister pointed out, since 1960 the consumer association of Canada has been asking for a department of consumer affairs. In 1964 my colleague, the hon. member for Danforth, urged in the house the need for a department of consumer affairs. In 1965 it was my colleague from Burnaby-Richmond who again put forth the demand of consumers for a department to manage their affairs. Last year I was the spokesman in respect of this demand. Outside parliament many other voices have been raised.

The consumers of Canada have consistently and urgently appealed to this government for help but again the winds of heaven have left them naked and defenceless. What are they being given? They are being given more wind, and some of the wind has taken the form of pretty severe and harsh blasts. I refer to the rise from 7¼ per cent to 8¼ per cent in

the N.H.A. mortgage rate. I refer to the complete ignoring of the plight of the consumers in the budget and in the government's explanation of that budget. I refer to the stubborn delay and resistance in respect of dealing with matters such as veterans' pensions, an increase in old age pensions and every other attempt on the part of the consumers to protect themselves by getting their incomes raised to meet the onslaught of rising prices and the cost of living.

• (12:20 p.m.)

The consumer has never been so helpless as far as the market place is concerned as he is today. The consumer has lost control of the market place. Those of us who were members of the consumer committee understood things very plainly. We found that no longer is there any real competition in the market. At the present time three or four major corporations dominate every field in the market place. They control the situation completely. They plan everything down to the finest detail and completely control the consumer. In the tobacco field there are four companies. In the meat packing business there are three companies. Three companies dominate the soap business and five companies dominate the farm implement business, although not each of them has the same power.

Let me refer to an article which appeared in the *Globe and Mail* on December 20, 1966 in relation to chain store merchandising. The heading is "New Figures Show Weston's World's No. 2 Merchandiser." It begins by stating:

> The Garfield Weston world wide food empire, which sprouted from a bakery shop in West Toronto, now ranks second in profit among all merchandising organizations and third in sales.
>
> Only Sears, Roebuck and Co., with annual sales of $6 billion and the Great Atlantic and Pacific Tea Co. (A and P), with $7.1 billion, take in more than (Weston's) $4.2 billion. Among merchandisers, Weston's profit of $72 million is exceeded only by Sears, with $323 million.

The article then goes on to describe the Weston empire which has its tentacles now in the United States, Canada, Britain, South Africa, Australia, Germany and France.

The minister said that he was anxious not only to help the consumer but to help the consumer help himself. What sort of help does he propose in view of the situation which I have outlined? The minister is a very able and personable man, but when he conceives of the work of the consumer department as being that of a glorified town meeting or citizens' forum where individuals will gain bits of information on whether one brand is a little better than another—he does not even want to offend a company by naming the brand—that is not good enough.

So far the minister has played his cards so close to his vest that no one knows what he has in mind. He has done the same thing this morning. He indicated he would make a short statement in order not to waste time. I hope that he will soon outline his plans to assist the consumer. So far the peeks we have had through the curtains have not been reassuring.

An hon. Member: The plans are beginning to become clear.

Mrs. MacInnis (Vancouver-Kingsway): Perhaps they are beginning to show through. But the minister has a great deal of ability to hide them. It is ability on which I congratulate him, but which should be put to better use. All he has done so far is to pour heavy cream smoothly over the situation without interrupting the flow, with the hope that everything will become creamy and silken and under control.

Last April 14 the Toronto *Globe and Mail* carried the following article from which I should like to read a bit:

> Mr. Turner emphasized that he does not want to frighten business. The private enterprise system prevails and the legislation that is brought forward will be designed to make the system work well for everyone.
>
> "Persuasion if possible, regulation if necessary" is the motto, he says.

I am sure everyone has perused *Canada Month* and now realizes we have passed the point where persuasion is the answer. Apparently the minister is not of this opinion because he has yet to mention anything about compulsion. We have now reached the point when there is no longer freedom of enterprise in the market place. There are only two or three big companies in each field, completely dominating the market. As a result of automation they have placed labour under tight control. They also have the financial sector under control. They withhold dividends to maintain the ability to regulate capital and growth. These companies certainly have the consumer by the throat. They decide what is a desirable profit and then adjust production to obtain that profit.

These large companies control the consumer through vast advertising and promotion programs which can only be classified as methods of brainwashing. They use the best devices developed by modern technology. This advertising is subsidized by the consumer who thus assists these corporations in keeping him fettered. This is true because advertising costs are deductible from corporate income taxes. The consumer is actually maintaining the chains which bind him to the giant corporations.

The market place today is a field dominated by a few giant corporations which control the consumer for two purposes, to develop and grow and to eliminate their competitors. This whole business costs a great deal of money and the consumer is paying the shot. For years the consumers have cried to the government for help. Now, instead of being given help through the establishment of a department of consumer affairs they are to be given a department of corporate and consumer affairs. The minister is busy pouring heavy cream in order to obscure the fact that the government has ignored and brushed aside the demands of consumer organizations in Canada. It has brushed aside these demands for at least the last seven years and has ignored the recommendations of an all-party committee of this house and the Senate. That committee recommended the establishment of a department of consumer affairs to be headed by a full time minister.

The hon. member for Yukon suggested that the minister would have enough to do in respect of corporate affairs without having responsibility in the field of consumer affairs. Perhaps that is a good argument but, from my point of view, there is a much stronger one. Putting corporate and consumer affairs under the same minister is like mixing oil and water. Let me give a more homely illustration by referring to a limerick which was in our school books when I was a child.

> There was a young lady from Niger,
> Who went for a ride on a tiger.
> They came back from their ride
> With the lady inside,
> And a smile on the face of the tiger.

That is exactly what will happen when corporate and consumer affairs are put under one department. Regardless of whether the minister interprets corporate affairs in his department in the same way as outside it, the fact is that they involve protection of the investor. Widows and orphans have always been used as an advancing shield behind which the government has protected big investors and big business.

An hon. Member: Oh, for goodness sake.

• (12:30 p.m.)

Mrs. MacInnis (Vancouver-Kingsway): Perhaps you were not around here at that time. I will not say it started before you were born, but the government began doing this long ago. What does the minister intend to do, other than conduct a little campaign to educate the consumers, in order to correct the abuses to which the consumers are subjected. I mean abuses in regard to labelling, packaging, the handling of quality foods, and that sort of thing. The consumers' association has done a good job in this respect, as has the food and drug directorate of the Department of National Health and Welfare. They have done well in these fields.

I understand that these matters will be transferred to the new department of corporate and consumer affairs. That will be all right. Nobody is gainsaying the importance or value of this work the department will carry out. But I suggest that what the consumers need now, above everything else, is a department that will deal exclusively with urgent consumer affairs. Most important, there should be a department that will deal effectively with the rising cost of living and prices in general. This is what the consumers need and are demanding.

In the interview to which the hon. member for Yukon referred, a report of which appeared in *Canada Month*, the minister was most evasive. I forget the word used by the hon. member for Yukon to describe it.

Mr. Nielsen: Urbane.

Mrs. MacInnis (Vancouver-Kingsway): Yes, urbane.

An hon. Member: Glib.

Mrs. MacInnis (Vancouver-Kingsway): And glib. I am getting help from all over, Mr. Chairman.

Mr. Knowles: Just like Paul Martin.

Mrs. MacInnis (Vancouver-Kingsway): I quote now from that interview:

"The attitude of the French speaking purchaser as compared with the English speaking purchaser, his market attitudes," Turner says, stretching a bit into what seems like rather thin air.

Then he gives the following examples of what his department will be doing:

"The role of advertising in the community; is it a competitive feature or a burdensome feature?"

The answer to that question depends on whom you are talking to. The minister goes on to ask:

"What is happening to the ratio of disposable income?"

If the minister had read the evidence presented to the committee that dealt with consumer affairs he would know what is happening to the ratio of disposable income. In that committee we heard evidence that people were having to spend up to 50 per cent of their income for food. There was evidence that many families have to spend a very much greater percentage than the 20 per cent or 25 per cent that social workers consider a proper percentage of income to pay for housing.

Disposable income is being channelled more and more into the price of the basics of living, namely, food, shelter, clothing, transportation and health care. Much, much less income is left for education and those other things which lift a person out of the ranks of hewers of wood and drawers of water and put him into the ranks in which the minister, myself and many others like to be, where we can use our heads and not be reduced to the grind of making just enough money to provide bread and butter and pay the rent for our families. I return to the article in *Canada Month*. The interviewer says:

We pause for a moment. But that seems to be all he wants to offer by way of example. Does he mean—

The minister.

—to get into something like "Consumer Reports"? Good heavens no!

Why shouldn't these inquiries be made by the economic council, or by industry itself? "Too detailed for the economic council. And by giving the corporations material and information that will help them act more sensibly in the market place we are benefiting the consumer." Does he propose to legislate in such areas? Again a quick (and apparently horrified) negative.

[Mr. Knowles.]

The report on the interview continues:

Taken straight, without too much philosophical sauce, it can do no wrong. "If industry regulates itself and responds to these pressures," he says at one point, "it's just fine by me."

Industry is not only regulating itself but also regulating the consumers of Canada in practically every detail of their lives. We believe it is time the government of the people took a hand in protecting the consumers against being regulated. The minister was asked about a prices review board, and the interview continued in this way:

Is this likely to satisfy the N.D.P., I ask as guilelessly as I can. Well, he answers, what does the N.D.P. want? It wants consumer programs "with teeth." It wants a prices review board—"but", says Turner with justifiable triumph "where's the constitutional authority for that?"

In his speech this morning the minister said that he knew we had to have a debate on a resolution preceding a money bill but he thought it was high time we did away with this practice because it had outlived its usefulness. I suggest to the minister that it is high time we made some constitutional changes and with the common consent of the provinces and the federal government, after negotiation, put some of these things back into the limbo of history where they belong. Let me ask the minister this question. The real problem—

The Chairman: Order. I must interrupt the hon. lady to advise her that the time allotted to her has expired.

Some hon. Members: Carry on.

The Chairman: Does the committee give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mrs. MacInnis (Vancouver-Kingsway): Thank you, Mr. Chairman. I shall not take much more of the time of the committee. Let me ask the minister this question. Suppose we had a prices review board and held an inquiry into steel prices in the full light of publicity. Suppose this inquiry gave publicity to the fact that sales of farm implements between 1962 and 1966 increased by 56 per cent and profits increased by 150 per cent.

An hon. Member: That is for just one company.

Mrs. MacInnis (Vancouver-Kingsway): Yes, it is for just one farm implement company. If this information were made available to the

public, what would be the effect on city consumers and farmers alike? Would they not take steps to see that their provincial government permitted Ottawa to deal with unjustifiable price increases of that kind? Would they not force the provincial government to pass concurrent legislation in the provincial field to deal with these unjustifiable price increases? I challenge the minister to name a single province that would withstand pressure of that kind from its citizens.

Now I come to a matter that concerns the housewives of this country. Suppose the prices review board gave publicity to the fact that between 1960 and 1966 one large fruit and vegetable canning company in Canada increased its sales by 26 per cent and at the same time increased its profits by 396 per cent. I ask, Mr. Chairman, which minister, including the present one, of a department of consumer affairs would be hamstrung by that kind of publicity? Rather, he would be free to deal with these prices and roll them back in the way in which they should be rolled back.

This measure is just the usual Liberal window-dressing, a desire to pretend that something is being done when in reality nothing much is being accomplished. Even our friends in the official opposition do not need to be too worried, because this department will not be a new one. This measure will mean that the poor little consumer will be tacked like a tiny, little tail on to the big corporate dog inside the department of corporate and consumer affairs. So the official opposition does not need to worry about this measure adding greatly to the cost of government.

Mr. Nielsen: Mr. Chairman, would the hon. member permit a question?

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I would ask the hon. member to wait until I have finished my remarks because the committee may not give me time to complete what I want to say. As I have said, this measure is just window-dressing. It is the same sort of thing that happened last fall when the housewives of Canada boycotted the stores to such good effect that a parliamentary committee was set up to look into these questions. The committee did good work in this respect and indicated some of the teeth that we would like the new department to have. This government, not liking that recommendation—I hope the hon. member for Yukon will ask me a question in this respect—got the advice it wanted from the economic council. The government received the advice it wanted to receive from the Economic Council of Canada and decided not to establish a separate department of consumer affairs but to throw the consumers into the same department with the corporations, where presumably they could fight it out.

• (12:40 p.m.)

I hope, Mr. Chairman, I shall get a chance to deal with this matter more fully on second reading. However, regardless of whether I do I want to say once again that I feel the consumers of this country have asked the government for bread and have been given a stone. So far as I am concerned that stone will not be left unturned.

[*Translation*]

Mr. Caouette: Mr. Chairman, the matter of consumer credit is nothing new. In fact, it was raised in the house several years ago and it has been discussed year after year. Today, a resolution is placed before us, which reads as follows:

> That it is expedient to introduce a measure to establish a department of corporate and consumer affairs; to provide for the appointment of a minister and a deputy minister and for their duties and powers; to provide that the governor in council may establish a consumer advisory council and other bodies to assist the minister and for the remuneration and expenses of the members thereof; and to provide for certain other matters related or incidental thereto.

That resolution is introduced by the Registrar General (Mr. Turner). It is not a bill, it is not a piece of legislation, it is simply a resolution asking, as it were, for permission to introduce a piece of legislation.

Mr. Chairman, for the last few years, we have witnessed the creation of various bodies as, for instance, the Economic Council of Canada, study commissions and consumers organizations, to consider consumer credit, but we have never come to a conclusion or found a solution to the problem of consumer credit.

Still, we who support the créditiste doctrine have repeatedly proposed a solution that could be put to the test so that we might see its results. We know the results of present procedures; they are disastrous and prove clearly that the Canadian consumer now faces debts for years to come.

The average worker mortgages his salary for two, three, four, or five years, or even for 10, 15 or 25 years when he buys a small property.

Mr. Chairman, we all know that producers stand on one side, and consumers on the other. There are middlemen between the two

who provide services, or enable the goods to reach the consumers. Everyone understands that. Some blame the middle man and say, like the hon. member for Vancouver-Kingsway (Mrs. MacInnis), that the big fellow makes too much profit while the little fellow pays too much for the goods he buys, so that the rich get richer and the poor get poorer.

Would direct intervention by the government in placing a ceiling on prises and wages solve this problem? Prices and wages were controlled in this way during the war, and the immediate result was the birth of the black market, an inevitable phenomenon on any market or in any country in the world. The black market arises from coercion or control exercized by the government on production, wages and consumption.

Mr. Chairman, there is a difference between a person who can pay cash and one who must ask for credit in just about every sphere of economic activity. If a Canadian consumer buys goods worth $1,000, whether it be furniture, or a car, or anything else, he will get a 20 per cent discount if he pays cash.

Everyone more or less agrees with this. However, if the same consumer must buy on credit or finance his purchases, the same goods worth $1,000 will cost him at least $1,-180, because of the interest on his loan or instalment plan. This means a difference of $380 for $1,000 worth of goods.

This means a 38 per cent difference between paying cash and buying on credit. Some may say that people have to buy on credit. Yes, they have to, because they do not have the purchasing power necessary to pay cash. That is the reason. No one would buy on credit if everyone had the money to pay cash.

That is where the créditistes suggest a solution. There is only one way to enable Canadian consumers to buy products made in Canada or existing products, and that is by giving them more purchasing power without at the same time raising the price of goods.

• (12:50 p.m.)

Today, there are several strikes going on. They are called for better working conditions, of course, but mostly for higher wages; however, as soon as a salary raise is granted, it must be added to production costs and, as a result, prices go up. Once more, salaries lag behind prices and the whole process starts over again. It is a vicious circle from which we can never hope to extricate ourselves.

Mr. Chairman, a new department of consumer affairs may be created, an da consumer advisory council, but I think we have no need for all that, because we already know what the consumer wants. In fact, we could appoint ten ministers of consumer affairs but we would get the same results if we retained the same system.

No matter how many ministers or advisers are appointed, how many commissions, committees or advisory boards are created. I still believe that so long as we keep the present financial system, no solution will be found for the problems facing us and we will keep on witnessing this spiralling race between prices and wages and wages and prices.

Even if the ministers and all the civil servants of this new department go ahead with the establishment of wage and price controls, the black market will remain and will push the cost of living even higher.

Mr. Chairman, for a long time now we have been explaining the situation in parliament and the search is still going on; dilly-dallying, looking for solutions within a system lacking the possibility of settling the problem. The government is the first to suffer from this system because it is not in a position to give one cent to the people or to the Canadian consumer without having to pay interest to the Canadian banking system. The government is not in a position to undertake any construction whatever without having to kneel before the financiers to beg permission to develop our country. Yet, there is talk of helping the consumers to improve their living condition and preventing evil capitalists from making profits.

Mr. Chairman, we have a solution to offer in order to restore order between production and consumption, between prices and the people's incomes: firstly, a compensated discount on retail prices allowed by the government, but charged to the Bank of Canada rather than being included in taxes. Such discount would not be included in the price of goods and would compensate the retail price. Thus, the consumer would get a rebate and his purchasing power would be increased without injuring anyone. Retailers, dealers and manufacturers would still be making profits, because it is not manufacturers' or dealers' profits that prevent consumers from sharing in the Canadian production, it is the monetary system.

If profit is an incentive for individual effort, for private enterprise, for the economic development of our country, one should consider it rather favourably, instead of forever attacking it.

We sincerely believe, Mr. Chairman, that the compensated discount paid by the Bank of Canada through a national credit board, would considerably help Canadian consumers to maintain a balance between purchasing power and production.

Secondly, so that all Canadian consumers, from the social, economic and political standpoints, obtain and receive the assurance of a guaranteed vital minimum, we would suggest the distribution of a national dividend based on national production and distributed through the credit board; the latter would request the Bank of Canada to issue the required cheques in order to increase the consumers' purchasing power, but this dividend would not be added to the cost of goods. Thus, we would increase the consumers' purchasing power without raising prices. This is the opposite of what is happening today.

But, Mr. Chairman, when we speak of these two important points of the creditist doctrine, people find the solution strange, stupid, even silly. And yet, the present administration offers no solution, everyone knows that. The solution we have had, that is the application of the present monetary principles, we have to put up with it now; we are experiencing the results, the consequence: misery in the midst of abundance. Products are now being destroyed, in 1967, throughout Canada, while Canadian citizens live in slums, do not have the bare necessities, have no security at all and only have the freedom to starve while sitting on heaps of wheat. That is the present situation.

Mr. Chairman, it is all very well to laugh at solutions brought forward by others. However, let us start by considering how matters stand. For ten years and even since the end of the war—for more than ten years, for twenty-two years—we have been hearing about consumer credit. Things are getting worse all the time. It is getting worse in every field. Since the war the national debt has been increasing. The interest paid on that debt has been increasing to such an extent that this year we will pay $1,279 million in interest alone on that debt.

And we are studying here ways to help the consumers. Think of the good example the government is setting for the Canadian consumers, producers, farmers, workers, etc. And after that we are surprised to see that strikes are called, such as the dreadful one now going on within the Montreal Transportation Commission, where the workers defy the authorities, where the workers indicate that they are completely dissatisfied with their living conditions, and the workers are right, yes. Even if they are right, will their strike solve their problem? Of course not. I have yet to see in Canada or elsewhere in the world a strike which solved the problems of the working people.

The fate of the worker or the labour problem have never been settled by strikes. And after a strike there begins another within one, two or three years. Why? Because we wallow in a system that does not make sense and we refuse to change it. Who is paying the piper in Montreal for this strike? Is it Marcel Pépin, the president of the C.S.N? Certainly not. He has not taken a salary cut. It is the workers who yesterday received $20 to feed their family and the others who got $10 who pay for this strike, who will have to pay for six months, one year, two years or three years. It is neither Marcel Pépin nor the Quebec government that will pay for it. It is the general public who will suffer from it.

In regard to the automobile industry, at the Ford plant, it is the same thing. The purpose of all those strikes at Ford, Chrysler, General Motors is to obtain salary increases, a pension plan. This is why a car which sold for $1,800 or $2,000 a few years ago costs $4,000 today.

May I call it one o'clock, Mr. Chairman?

[*English*]

The Chairman: The hon. member has two minutes remaining, so perhaps the committee would agree to carry on for two more minutes?

Some hon. Members: Agreed.

[*Translation*]

Mr. Caouette: Very well, I will go on. Thank you, Mr. Chairman. In conclusion, I will simply say that we are suggesting a solution. Instead of looking at it askance, let us examine it seriously and see the problem for what it is. Let us not run away from it, but do as a great general said not too long ago: Let us go to the bottom of things. But let us do that. We will discover that at the bottom of things in Canada lies the monetary system. It is responsible not for taxation, which is a secondary matter, but for the creation and destruction of money or credit in the country.

The solution which we advocate is a discount compensated by a national dividend which would create a certain order or balance between purchasing power and Canadian products.

[*English*]

The Chairman: Order. It being one o'clock I do now leave the chair. The committee will resume at 2.30 p.m.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Johnston: Mr. Chairman, it is customary, or has been so, for the governments of certain countries in the world, when they wish to set up an important but vaguely defined department to look after a broad range of domestic affairs, to designate that department as the ministry of the interior. As I listened to the Registrar General this morning it seemed to me that this might have been a better title for the new department than the one suggested—ministry of consumer affairs.

There is something about the designation "ministry of the interior" which strikes an alien note. There is a foreign connotation to it. Departments with "affairs" attached to their names are too routine. Our external affairs policy has neither changed nor accomplished anything for the last 15 years and no one expects that it will over the next 15 years. Indian affairs makes a steady but barely visible progress—we do not get excited over it very often—and as for northern affairs, we do not think about it at all.

"Department of Consumer Affairs" has, I am sure, a pleasant and satisfying sound, particularly to the government. The minister refers to the setting up of this department as "a rationalization". This, too, has a satisfying sound to it because, after all, we are rational people and we expect governments to function on a rational basis and to move only after logical thought and much discussion. But a desire for rationalization is not, of course, the reason for the formation of a department of consumer affairs. It comes about as a result of an emotional demand. There may even be some Canadians who feel that this emotional demand was that made by the housewives who protested some months ago in their anger—in many cases it was justified anger—against rising prices. The decision of the government to set up a ministry has nothing to do with anger at all but it has everything to do with fear—fear that hon. gentlemen opposite may be replaced in the very near future by the New Democratic party if they fail to move swiftly enough into the areas indicated by that party. This is the real reason we are debating today a resolution concerning a department of consumer affairs.

No hardier contestant has ever entered the political arena than the idea of this department. The hon. member for Yukon spoke about the hearings of the committee on consumer credit and prices. He told us about the number of times this champion was dusted off by the N.D.P. and put into the ring again. Expert after expert demolished it and laid it lifeless on the floor only to find that the next day it was alive again and still around. It would not lie down though it was defeated before the committee which was looking into the whole question of consumer goods and their prices. I am sure that if this party were handling the real boxing championships, Canada would have the world championship in its possession. As I say, this idea would not lie down. Finally, the minister himself raised its hand and when we get to third reading it will be crowned as a champion, a new department, one which could have a most significant effect not only on the career of the hon. gentleman but on the government of Canada as well.

• (2:40 p.m.)

I was amazed at the speech of the hon. member for Vancouver-Kingsway this morning. I had expected that she would rise and simply say "Thank you, kind sir" before sitting down. But she sailed into a pseudo-attack on the very objectives which she and her colleagues have sought for so long. She had to work hard to find something to attack, because I am sure the minister has worked his hands to the bone putting forward this idea, getting it accepted by the cabinet and preparing this resolution for presentation today. But the hon. member for Vancouver-Kingsway found the one damned spot, which happened to be the word "corporate", and she sunk her teeth into it. I do not for a moment accuse her of biting the hand that fed her, not at all, but I would say she bit the hand that bled for her, and Mr. Chairman, who would have thought that the minister and the government had so much blood in them?

Mr. Herridge: Would the hon. gentleman permit a question?

Mr. Johnston: Certainly.

Mr. Herridge: Does the hon. gentleman not realize that the minister to be in charge of this department was raised in the Kootenays? He is made of good stuff.

Mr. Nielsen: Stuff and nonsense.

Mr. Johnston: I would quite agree. Certainly there is iron in the Kootenays, and eventually there may be a steel mill there to steel the minister to further endeavours on behalf of socialism in Canada, because this government will continue to bleed for the cause of socialism until there is no further necessity for the party that calls itself socialist to continue in existence. This was the source of the agitation expressed so eloquently by the hon. member for Vancouver-Kingsway.

One would like to think that the transfer from the Department of the Registrar General to the new department of consumer affairs would be smooth and all-embracing, but I have very grave doubts that it will. I can imagine the furniture in the offices going up and down the elevators as the department changes, as well as the personnel.

Mr. Nielsen: Escalation?

Mr. Johnston: I doubt very much that the people who have been handling the duties connected with the department of the Registrar General will be able to move swiftly and easily into the department of consumer affairs. I am sure they will not be phased out of the government service but will be moved to other offices, and we will see a gradual shifting over until the new department becomes one of the major ones in the entire governmental set-up.

I say this because the new department is going to do battle. There may be Canadians sufficiently naïve to assume it is going to do battle with big business or with the tariff legislation of the government, but I doubt very much that it will do much battle with them. I believe it will do battle with some of the other government departments. It will do battle with the Department of Industry and with the Department of Agriculture. What a war that is going to be.

The other day a newspaper columnist, Douglas Fisher, wrote that the Minister of Agriculture is looking tired and as though he had his eyes on a Senate seat or a judgeship somewhere in the Ottawa valley.

Mr. Nielsen: Is that the minister of eastern agriculture?

Mr. Johnston: I am quoting Mr. Fisher, and all he said was the Minister of Agriculture. I hope this is not the case. If it is and he is tired, he had better take his rest now as we debate this legislation because once the consumer affairs department is set up he will have to battle head on with it. I say this because there is a basic flaw in the proposal of a department of consumer affairs. That is the assumption that almost everybody in the country is a consumer, period, and somewhere there is a villian who is the producer and he needs to be controlled. There is still a minority of our people who are solely consumers and they have not been treated right by this government or any of its predecessors. I speak of the old age pensioners, the retired, the disabled, the blind and the handicapped who through no fault of their own cannot contribute in full measure to the economy of the country. But everyone else is both a producer and a consumer, sometimes in the one capacity and sometimes in the other.

We had the sad spectacle of the hon. member for Vancouver-Kingsway shedding tears for the farmer because of rising costs of farm machinery. We know those costs are rising rapidly, but we also know there is at present more than sufficient government machinery in existence to do something about the problem.

I believe the new department of consumer affairs will have to listen to some of the hardest attacks imaginable on the agricultural industry. The minister gave us his word this morning that he will listen to such attacks. I trust he will listen to them with a great deal of scepticism.

I was not a member of the consumer credit and prices committee but I did attend one hearing in the city of Vancouver and listened to an attack made by an organization calling itself, "The Women Against Soaring Prices." It was an attack on the fruit industry of the Okanagan valley which, had it been listened to, would have wrecked that industry forever. It was an unreasonable attack, an attack which made the assumption that a luxury product was somehow a basic right and somehow should be provided out of national revenues.

I would hope that when the minister listens to such attacks he will carefully differentiate the targets for his department's activities. I hope he will consult with the Minister of Agriculture, but I suspect there will be sharp and bitter conflict and that ultimately the agricultural industry will suffer from the setting up of this new department. That industry need not look for any help from the N.D.P. because we all recall that during the emergency session of the house last year the farmers were told that they should be standing shoulder to shoulder with the people whose actions at that time were destroying them. So

I say there will be no help for the farmers from the N.D.P.

In his new department the minister can probably do some good in respect of matters covered by the Combines Investigation Act, but an entirely new department is not needed to tackle those problems. That section of the department has probably been understaffed, but it has existed for a long time and did not require the setting up of a new department to do the things that are necessary so that businesses which conspire to fix prices can be charged and brought to justice.

This happened recently in the case of fruit wholesaling companies which over a period of 20 years fixed the prices of Japanese oranges coming from Japan to British Columbia. When I read the accounts of that trial I knew that all of the evidence that should have been presented was not presented. There were too many people who were afraid to testify against their own wholesaler because their position, if the trial had resulted in an acquittal, would have been most delicate. I doubt that the new department will really be able to tackle some of the problems that exist in the area of combines—

An hon. Member: Why not?

Mr. Johnston: —because it will not be able to guarantee the people required to give evidence that their position relative to their wholesaling companies will be the same after the trial as it was before. The department will not be watchful enough long enough to see that a subsequent injustice is not done.

Mr. O'Keefe: Why not give the minister a chance?

• (2:50 p.m.)

Mr. Johnston: I would point out that I have congratulated him on the work he has already done. I am saying simply that he does not need an entirely new department with the hopeful sounding but misleading name "consumer affairs" or the politically advantageous name "consumer affairs" in order to carry out the duties spelled out under the Combines Investigation Act which are already in his care.

Mr. Nielsen: Misleading advertising.

Mr. Johnston: I was interested in the speech of the hon. member for Yukon, but I was disappointed when he said that he and the members of his party were washing their hands of this matter. I gather that there will be no down the line fight against it. If all the things we have been hearing in the past few months from the candidates for the leadership of that party were true, this would be the place to take a stand, because this is one area where the civil service will proliferate and where the government will interfere probably more harmfully than helpfully in the affairs of this nation.

Here we have something which will pose a threat to the agricultural industry which is represented here in large part by members of the party of the hon. member for Yukon. If he and all the members of that party could stand firm on this issue they would challenge the New Democratic party and the statement of the hon. member for Vancouver-Kingsway when she suggested that this was not what her party wants. Here is an issue on which he and the members of his party can take a stand.

Mr. Nielsen: The hon. member obviously misunderstood my remarks.

[*Translation*]

Mr. Laflamme: Mr. Chairman, it is my intention to take part for a few minutes in the consideration of the resolution now before the committee, that is the establishment of a department of corporate and consumer affairs with powers of co-ordination and other additional powers to be more definitely stipulated in the bill which will be introduced after the resolution is passed.

I have listened to various speeches on this resolution. I wonder whether there is not a distortion of the main objectives to be achieved by the establishment of this new department by endeavouring to assign to it things which will have no relation to the new department.

When for instance, the hon. member for Villeneuve (Mr. Caouette) talks about consumer credit, when the hon. member for Vancouver-Kingsway (Mrs. MacInnis) brings up the matter of price controls or when the hon. member for Yukon (Mr. Nielsen) worries about an increase in bureaucracy within the department, I feel that we are getting quite far from the main objectives set down by the government when it decided to create that department.

In fact, as the Registrar General (Mr. Turner) said, with great calmness and objectivity I think, one should not hope that a new department of consumer affairs will be able to solve all the problems which might exist in our society, nor was it the intention of this government to create this department merely

to show off. I think the government has accomplished a great deal to date in the way of research and analysis, and has made serious studies. I have had an opportunity for several months to study and examine many briefs prepared by civil service officials and outside individuals and corporations. It should also be recognized that a large number of hon. members are really interested in this matter, as there are now, on the orders of the day, no fewer than 22 public bills dealing with the consumers' manifold problems. However, I think we should come back to the idea that the government has attempted mainly to co-ordinate the specific and detailed efforts of various departments. In fact, on page 13 of the interim report published by the Economic Council of Canada, it may be seen that practically all departments are required to apply laws dealing specifically with consumers' problems, but there was lacking exactly what has been recommended by the Economic Council of Canada and proposed by this government, that is this co-ordination essentially needed to insure action from a designated federal department responsible for directing research as well as providing information on various policies developed in order to protect the general interests of the consumers—

[*English*]

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

Mr. Laflamme: Yes.

Mr. Nielsen: If this is the objective, and it is an extremely laudable one, can the hon. member explain why the government is not following the recommendation of the economic council to set up an interdepartmental committee rather than a new department?

[*Translation*]

Mr. Laflamme: As a matter of fact there is an intergovernmental committee to study the matter, as well as an interdepartmental committee. It is absolutely essential if we consider the fact that almost every department is involved in consumers' problems and that an area of those jurisdictions will come under the new department. It is essential that the interdepartmental committee continues to operate and that a new department of consumer affairs be responsible mainly for the protection of the consumers.

In that respect also, I contend that the department—

[*English*]

Mr. Nielsen: Would the hon. member permit one further question? The economic council also said in its report that it would not only be undesirable but impracticable for a new department to attempt to co-ordinate all the functions relating to consumer affairs. I wonder why this is not being taken into consideration.

• (3:00 p.m.)

[*Translation*]

Mr. Laflamme: Mr. Chairman, when my hon. friend has seen the bill, I doubt that he will say that the government intends to group, within the new department, all the powers and legislative measures related to consumers' problems generally. I maintain that this cannot be done logically. Once again, the main object, the main purpose that is sought is not to concentrate, or to centralize all jurisdictions within a department but rather to create a department, the function of which would be to provide the co-ordination which has now become absolutely essential and to help generally consumers to help themselves.

And now, Mr. Chairman, reverting to the argument I was trying to submit, I must say—and these are my own personal observations—that, bearing in mind what studies and surveys have been made, as well as the main objectives and the very basis of the measure, it all boils down to the fact that on the one hand, the consumer is entitled to information and, on the other hand, the government must inform the consumer.

Speaking of this question of information, if we want to appreciate the merits of the overall objectives of the public bills already entered in the order paper or of the purposes of the new department which is going to be organized, we come to the conclusion that the essential objective which should be sought and attained, in order to really help the consumers within the jurisdiction of the central government, is to educate the consumer. This, of course, will require the general co-operation of the legislatures which have this power. May I also respectfully submit that it will be necessary to teach the child, right from his early years, that is from primary school, how to protect himself in the midst of an affluent society; it will be necessary to make him familiar with the analysis of a personal budget, with sound management, so as to enable him to plan his own budget and especially to make a wise choice among all the facilities

available to him to get this or that through finance companies, etc.

Considering this whole situation, one must readily admit that such co-ordination will have to take place within the various federal structures, in short, within all public powers.

I feel it is illusory and useless to think that the government is able, by creating a department of consumer affairs, to cure all the ills and relieve all the miseries of the people, as the hon. member for Villeneuve is blaming the government for not doing.

We are living in a free society. I respectfully submit that it is neither possible nor advisable to apply strict controls to an economy of abundance and production. The Economic Council of Canada precisely suggested that within a production first geared to our capability, production itself was the best protection for consumers, through employment, and that within that abundant production, some governmental action was essential so as to guide consumers and, in short, help them to help themselves.

Must the government seek, as a rule, to exercise a control over advertising? Is it to analyse the various means of protecting the consumer, to change the structures, even to change some jurisdictions? For instance, when my hon. friend from Villeneuve speaks about the evil effects of the system, let us say, of the finance companies—it might be the impression which was left in our province on many occasions—I say that the House of Commons is not the proper place for a full discussion of that problem, because the central government does not have the necessary powers to control the agreements entered into by corporations and individuals since it is a matter of provincial jurisdiction.

It is obviously within the legislatures that these demands must be made when we are concerned with fraud, false pretences, exchange of notes and promissory notes, contract transfer or contract financing. All these, except the Bills of Exchange Act, are under provincial jurisdiction and obviously, whatever the good will of the central government may be, it is necessarily up to the provinces to apply their own legislation in this field.

The hon. member for Yukon was here a minute ago. Now he was suggesting, on the one hand, the creation of an interdepartmental committee but, on the other hand, he seemed to blame the government for not strictly following the proposals of the Economic Council of Canada which on page 22 recommends the creation of a department of corporate and consumer affairs and advocates further co-ordination in research in every field to permit dissemination of information.

The Registrar General of Canada has already summarized the general objectives which might constitute the basis for a policy of consumer assistance which obviously comprises recognition of the right of the consumer to be informed, protected, heard and defended.

I once made a personal analysis of an act —as a lawyer, of course, I had the opportunity to practice—for instance, the Bills of Exchange Act for which the central power is responsible. And when you talk about the possibility of amending this act, especially sections 56 and 60, to restrict the freedom of transferring exchange bills or notes which are attached to a conditional sale contract, you must be wise enough, I think, to wonder to what extent this impinges on the freedom of individuals to buy what they want or what they can afford.

When you think of all that while practising your profession, you feel that in most cases there has been fraud, misrepresentation and that people are certainly the victims of a sharp deal. This results from a certain kind of ignorance or laziness among people who are often unable to judge by themselves the use and the actual quality of certain products which they buy.

We must also admit that it is easy to buy goods, which means that a certain section of our people lives above its means.

I do not know whether it is the policy of her party but the hon. member for Vancouver-Kingsway is evidently advocating price controls. Now, price controls, do not come under federal jurisdiction except in wartime. Now, I am sincerely wondering what would be the results of such controls. Would it really be possible for the central government to establish an efficient price control system within various jurisdictions? I do not think that the department of corporate and consumer affairs could be most useful. I think it would be especially valuable within its own framework by attempting to arouse the attention of the people on the main problems confronting them, namely the matter of publicity and of free choice, through the creation of that consumer advisory council. The same department would also be in a position to inform, educate and set some standards by which any ordinary citizen could be enlightened and would freely and sensibly choose when purchasing products.

Shall we have, then, a real control over prices? The hon. member for Villeneuve spoke about a continuous rise in the cost of living and prices; the hon. member for Vancouver-Kingsway spoke about controlling those prices. First, I do not think it comes—in fact, I am sure it does not—under the jurisdiction of the department.

Secondly, those are not the main purposes sought in the establishment of that department. They have already been formulated by the Registrar General. They are mainly a matter of initiative, of co-ordination of efforts.

When all the tabled public bills concerning the rise in the cost of living, have been studied during this session as well as the legislation concerning the setting-up of this department, then it will be possible, I think, to indicate more specifically what are the main objectives of the department, which, I am convinced, meet an ever growing need. The central government, in the framework of its own jurisdiction, decides to set up a body which will make it possible for the people as a whole to be better informed, better heard and better protected. That co-ordination could also call our attention to some deficiencies in our legislation which later on could be corrected in the interest of the people as a whole.

[*English*]

Mr. Baldwin: Mr. Chairman, we have all listened with great interest to the parliamentary secretary, the hon. member for Quebec-Montmorency. He represents an area of which I will have very pleasant memories as a result of being there this summer. I was particularly interested in his comments about the speech of the hon. member for Vancouver-Kingsway and the position taken by the party to which that hon. lady belongs in connection with price controls. I agree with the hon. member, although I have some difference of opinion as to the law in that only in case of a national emergency can price controls be imposed. It seems to me that a very good case could be made that as long as the present government stays in power there is an emergency in this country.

• (3:10 p.m.)

Some hon. Members: Hear, hear.

Mr. Baldwin: I have often considered appearing before a court with 12 *Hansards* taken at random from the term of office of this government, and a list of the legislation passed in that time. I think that any good, competent judge would say: Quite right, Mr. Baldwin; I think your position is very accurately taken in the legal sense.

We all wish the minister luck in this new enterprise. He is one who has been courteous in his answers to us. Those of us who have had the occasion to deal with him have obtained a good reception. We think he is doing a good job in the capacity in which he is engaged at the present time. It is too bad that he is not to stay in his present capacity because I fear he will get into very grave difficulties in spite of his ability in that he is carrying some tremendous handicaps apart from his associates in the cabinet.

I have often thought that the resolution stage of financial bills should be omitted. It is true that the British North America Act requires that a bill involving the expenditure of money first must be submitted by a member of the Privy Council in the form of a resolution. But I have often thought that if the government ever saw the light of day and let us deal with bills in committee before second reading, we could omit the type of discussion we are now having in which we are only shooting in the dark. We are not certain what provisions the bill will include. We have an opportunity, of course, to make suggestions and recommendations in respect of the principle of the legislation. However, I think that a rescheduling—I say this parenthetically because I have made these observations before and I think they should be seriously considered—of the procedure in respect of an important bill of this type should be considered. This type of bill should be considered in committee before second reading. It should be sent to committee well in advance of the time the government intends to introduce it.

This would provide an opportunity to discuss in committee the provisions of the bill, to call witnesses, examine the purposes of the bill and understand it in detail. This procedure would permit a far better type of debate than that in which we are now engaged. I believe the government would be well advised to consider proceeding in this way before second reading and let the bill be discussed in committee before the principle is adopted. Many important recommendations might come from the committee after discussion of the bill.

I do not envisage long committee hearings of the type we have had in the past. I believe that too often our committees have taken the bit in their teeth and having a new toy, are perhaps playing a little too extensively with

their powers. But I think that short, succinct committee hearings, with proper witnesses called before them, would permit opposition members as well as private members on the back benches of the government to make useful suggestions as to the form proposed legislation should take. This is a matter to which our party may well give serious consideration at the time the bill is introduced for second reading.

In reply to what was said by the hon. member for Okanagan-Revelstoke, it should be said that the hon. member for Yukon did not say we were just taking a passive attitude in regard to this legislation. The hon. member for Yukon said that we want to see what is in the bill and are reserving our position until the bill is introduced. We do not know what is in it; the minister does. I do not think that the observation of the hon. member for Okanagan-Revelstoke was a proper one in the light of what was said by my colleague the hon. member for Yukon.

I now wish to deal with an observation made by the hon. member for Vancouver-Kingsway when she dismissed, I thought rather cavalierly, the very strong argument advanced by the hon. member for Yukon with regard to the interim report on consumer affairs and the Department of the Registrar General by the Economic Council of Canada. Because my time is short I shall go only this far in replying to the hon. member. The Economic Council of Canada is composed of people who represent those engaged in industry all across Canada. It is composed of business people, labour leaders, academics, and so on. Included in those appointed to the council are the following: Arthur R. Gibbons, vice president and national legislative representative of the Brotherhood of Locomotive Firemen and Enginemen; W. Ladyman, international vice president of the International Brotherhood of Electrical Workers; Stanley A. Little, national president of the Canadian Union of Public Employees; R. R. Atkinson, president of the National Farmers' Union; William Mahoney, national director for Canada of the United Steelworkers of America, and so on.

In other words, I do not think anyone's arm was twisted in making this report. It is a very intelligent and succinct report going to the pith, substance and heart of the issue with which we are dealing. The statements quoted by the hon. member for Yukon cannot be easily brushed aside. They were valid comments and criticisms which must be taken into account. On the Economic Council of Canada were representatives of farm organizations who signed the report and accepted its contents.

I sometimes wonder, Mr. Chairman, whether we are not getting away from the real search for the answers to some of the problems which so plague us today. The consumers of this country have problems; there is no question about that. I do not think that legislation of this kind will provide the answers to these problems. I do not think it will provide even a very small part of the answers. I do not believe the consumers of Canada will sleep any more soundly after this legislation is passed and steps taken to implement it than they did before, in spite of the very careful administration that I am sure the legislation will receive from the minister.

There is a fallacy in the minds of governments and many people that by passing legislation of this kind, by moving to create new departments and government agencies, we can solve problems. We can no more solve problems in this way than we can by repeating clichés when talking about them. The difficulty is that there are just not enough of the right things, produced in the right way and at the right place, to consume. I believe it is more a matter of production than consumption. I believe my hon. friends to my left would agree that during the war one of the most important departments created in this country was the Department of Defence Production. That department was created to firmly, and if necessary even ruthlessly and brutally, brush aside all the conventions, mores, usages and customs of people engaged in the business of production and direct and divert the production of the country to a more specific purpose.

In the light of what was said by the Economic Council of Canada I do not believe the creation of this new department will serve the necessary purpose. I agree with the minister and his parliamentary secretary that there is a useful part to be played by a department that will look at some of the collateral and subsidiary problems which plague consumers. But the answers to the real problems will not be contained within the four corners of legislation of this kind.

• (3:20 p.m.)

I should now like to speak about some matters with which the new department will be able to deal when it starts operating, although I have some doubts about it. What are some of the things which restrict production and the cost at which goods are produced?

There is no question that this is what affects us. As I said the other day, you can tax for the purpose of redistributing wealth but all it does is to consume wealth. It does not produce one single item more of wealth. Wealth is produced only by the application of labour to natural resources.

Let us now consider the restrictive trade practices legislation. Here we may have to look at the application of this legislation with regard to the future course of consumers and of production in this country. We may have to examine the extent to which there exists a sufficiently broad base under our constitutional system on which to found a valid and workable system to deal with combines and restrictive trade practices and misleading advertising.

The question of patents is tremendously important. There has been no meaningful attempt for dozens of years to look at the patent laws in the light of modern conditions and modern needs. It is in areas of this kind that the minister and the department may be able to make a very useful contribution. At the present time I doubt it, but I will sit back and wait until I see the legislation and see what powers are contained in the bill.

Then there is the question of taxes. Much has been said in the house about the production tax. One of the problems which faces consumers today is the limitation on the production of goods and services which they need as a result of the inadequate and obsolete system of taxation which prevails. That does not mean that I support the Carter commission.

Let me give an illustration of a matter which may not be completely under federal jurisdiction. One of the problems with which we have been dealing here is housing. To what extent does taxation affect the problem of housing and the availability of housing? I can recall the first house I built 35 or 38 years ago. At that time I paid $30 for three lots and about $2,500 for the house. When I came back from overseas in 1946 I paid $600 for a lot and about $8,000 or $9,000 for the house. What does one have to pay today in the large metropolitan centres and in most of the urban areas in Canada? Anywhere from $6,000 to $10,000 or $12,000 for a lot and from $15,000 to $18,000 for a house.

These are problems which an inadequate system of taxation has made possible. Under the present system of municipal or provincial taxation improvements on land are taxed as well as the land itself. If only the land were taxed this would make available tremendous areas of land at lower prices on which houses could be constructed. The taxation system which would be required to do this might prove to be one of the solutions to the housing problem. I am not suggesting, of course, that the federal government can do this, although it can certainly exert some pressure in this direction. What I wish to say is that this problem affects not only the consumers but also affects the question of production, the availability of products, of land, of services and of commodities at a range in price that Canadians can meet and in quantities they require.

Then there is the question of tariffs in international trade. How can we speak about doing things for the consumer when we have a tariff system which imposes burdens and restraints on the consumer? The picture looks pretty black from here. I was reading today a press dispatch from Washington. A joint resolution is being introduced there by a Republican and a Democratic senator to seek the approval of Congress to impose restrictions upon the import of steel and steel products into the United States. A trend has developed in the United States and in other countries which is very ominous in the light of the situation which brought about the great depression of many years ago. If there ever was a country which must flourish and whose people would be the beneficiaries by reason of a system of freer trade, it is Canada. This is one of the areas in which the energies of the government should be concentrated in an effort to help the consumers.

My comments have been very brief. One always enjoys the quiet and peaceful Friday afternoons when, after the battles and struggles of the previous days, we make our contributions in a chamber of great, open spaces. In that connection I think I should say that if the government gives to this bill the importance which I am sure their supporters will be claiming for it all over the country, it is shocking to me that not one single cabinet colleague is sitting with the genial minister to support him in this matter. Undoubtedly this subject matter and the question of national unity are the greatest problems which confront us. If the government is sincere and not cynical in its protestations as to what this bill will achieve, the Minister of Finance, the Minister of Industry and the Minister of Trade and Commerce should all be here giving that strength and support to my hon. friend which I am sure he will need before this matter is completed.

We look forward to reading the bill. We have grave doubts as to the virtues and values which it will contain. We hope that an opportunity will be given us to examine in more detail in committee some of the proposals which are being advanced, and we will reserve our judgment until that time.

Mr. O'Keefe: Mr. Chairman, I will be brief because I believe in brevity. But I believe also that it should be pointed out to the hon. member who just sat down, who incidentally is a member for whom I have a great deal of admiration and respect, and also to the hon. member for Yukon for whom I have a great deal less respect and admiration, that the report of the Economic Council of Canada which they take as their bible is not infallible any more than is the hon. member who just sat down and, to an even larger degree, the hon. member for Yukon.

I am very happy that the consumer affairs department is being headed by the dynamic minister who represents the riding of St. Lawrence-St. George. I have no doubt at all that it will be of tremendous benefit to the people of Canada. My plea to him through you, Mr. Chairman, is simply that we give careful consideration to the recommendations made by the consumer affairs committee of which I had the honour to be a member, particularly the one in connection with small interest free loans for consumers for certain stated objectives. I know that many of my own constituents and I am very sure many other people in Canada are being gouged by usurers who are in some cases literally taking the shirts off people's backs in the guise of businessmen anxious to help young families obtain money easily.

• (3:30 p.m.)

Mr. Mongrain: Mr. Chairman, I usually present my comments in this house in the French language. The reason for this is transparent. Since French is my mother tongue I speak it more easily. However, occasionally I should like to present my remarks in the English language. I do this to set an example, if I may say so, for all Canadians to believe in bilingualism. In my opinion, bilingualism is the one way of helping people of good will to understand each other and to get along together. I want to take advantage of this opportunity to thank those of my English speaking colleagues who occasionally do their best to say a few words in French.

[Mr. Baldwin.]

I think the best way of understanding what this resolution proposes is to read it:

> That it is expedient to introduce a measure to establish a department of corporate and consumer affairs; to provide for the appointment of a minister and a deputy minister and for their duties and powers; to provide that the governor in council may establish a consumer advisory council and other bodies to assist the minister and for the remuneration and expenses of the members thereof; and to provide for certain other matters related or incidental thereto.

Is there a problem? After having listened to members of this house for nearly two years, I am sure there is a problem in connection with consumer affairs. First, there is the high cost of living which everybody has been denouncing. Another aspect of the problem is easily observed in the kind of social disorder we are experiencing now in connection with the escalation of strikes. There is a new attitude on the part of strikers. In the past they used to strike peacefully but now they appear to be revolutionists. Their general attitude, for instance, is one of disregard for the requisites of the laws of this country. This is a dangerous attitude, I feel, but it results from the exasperation experienced by most of our people in connection with the rising cost of living. Certainly there is a problem. The point at which we disagree is when we try to find a solution to this problem.

I want to make some comments on another matter which is not really related to this subject. There are some members of the house to whom I like to listen because every time I listen to them I learn a little from their logic and the way they express themselves. These members belong to all parties but one I relish listening to is the hon. member for Peace River, who just spoke. He made one remark with which I agree, that in this country there is a state of emergency which requires drastic action by the government.

I am sure that the parliamentary secretary to the minister, who has the famous city of Montmorency in his riding, knows what he is saying when he speaks on constitutional matters. He says it is not the business of the federal government to fix prices. I believe, however, that means can be found for getting together with the provinces to try to find a way of controlling prices which are always rising and are causing desperation amongst our population. I am one of those who believe we have a real emergency. As proof of that statement I mention the escalation of strikes and the revolutionary attitude one notices on the part of delegations coming to this parliament to protest against what they term the

inadequacy of government measures to cope with this problem.

Is there a better solution than the one proposed by the government? There may be. I am sure there may be as good a solution, perhaps even a better one, but who can swear that he is infallible? What counts, I believe, is that we do something and that we do it as fast as possible. This is one solution, and although it may not be as drastic as I would have liked I believe that the minister who will be in charge of this department will have everything he needs to make a success of this enterprise. He is dynamic and openminded. I am sure that of the candidates to head this department he is one who is well prepared to do a good job.

However, if he does not do a good job he will find that the opposition will be watching him closely. They will take every opportunity to offer him suggestions to help make a success of this endeavour to cope with the high cost of living and the problems of consumers. In addition to the high cost of living, there is the problem of advertising abuses, false representations. I understand, of course, that some members of the house prefer the complete socialization of our economy, the complete control of our economy. I would not be against that in principle but we might not be ready for such action now.

I suppose the good service that the New Democratic party renders to this country lies in the fact that their suggestions may be three or four years ahead of time. When the time is ripe governments, Conservative and Liberal, take these ideas and translate them in the way they understand them. Even if our friends in the New Democratic party do not have the advantage of forming a government, they are really rendering a good service to this country by their suggestions for the improvement of the lot of all Canadians.

I should like to mention now a special category of consumers who are the victims of some brainwashing. They are not really protected as they should be. Before going any further I should apologize, Mr. Chairman, and warn you that I may not be completely in order when I try to prove that these consumers consume something that is not material but has a lot of influence. I refer to the voters of this country. They are the victims of candidates or parties that have a lot of money with which to wage their campaigns. These candidates or parties can buy pages of advertising in the newspapers and can buy a lot of time on television and radio. They organize a real brainwashing. The result in some ridings often is that somebody is elected who is not well prepared to do the job, who has no experience and is only a partisan.

I want to put this as gently as I can, Mr. Chairman. I will say that there is none of these people in this house at the present time. However, this is something that can happen occasionally. I do not believe we should permit in our democracy the buying of voters with a lot of advertising. You can buy a lot of advertising when you have millionaires backing you. They will give you the money needed to do the brainwashing and then come here and lobby to influence the legislation the government presents. I believe I have given an example of consumers who are abused by too much advertising. I know the minister has good intentions but he should exert all his influence toward reforming our electoral laws, and the sooner the better. In this way we will have elections in which men will be pitted against men and not money against men which may result in the election of a man who lacks experience. We have seen a lot of exaggeration, a lot of humbug written not only to sell goods but to sell candidates who are not well prepared to represent the people of this country. This is an example of consumers being abused and they should be looked after.

• (3:40 p.m.)

In conclusion, Mr. Chairman, I merely want to say that I believe this resolution should be adopted. I believe there is a sincere effort being made to improve the lot of the Canadian people. It might not be the best effort but it is at least sincere, and I am ready to vote for such efforts at any time. As I say, Mr. Chairman, I am sure the minister is well prepared to do a good job and I am also sure that the opposition will be watching so closely that he will not be allowed to make even the smallest mistake.

Mr. Basford: Mr. Chairman, this being the resolution stage of the proceedings on this measure I intend to be very brief and mention only a few points that I want to put on the record. First of all I want to congratulate the government on introducing this resolution and taking the decision to establish the department of corporate and consumer affairs envisaged by the resolution. To the minister who will be taking over that new position very soon I wish success and good wishes as minister of corporate and consumer affairs.

I think the decision to set up this department comes in large measure from the

recommendations of the joint Senate-House of Commons committee on consumer credit and consumer prices which sat all last year. I think the members of that committee, all of whom worked so hard, can take a good deal of pride in the resolution that is before the house today as well as a good deal of pride in the legislation which will be introduced into the house. The joint committee of the Senate and House of Commons recommended in its interim report of December 16, and again in its final report of May 8, that a department of consumer affairs be established to concentrate on the protection of the Canadian consumer.

There has been much discussion here this afternoon about what was said by the Economic Council of Canada in its report about consumer affairs and the Department of the Registrar General, and it seems to me important to bear in mind one statement of the Economic Council which is to be found on page 21:

> It is clear that there will be timely implementation of appropriate policies in the field of consumer affairs only if informed spokesmen for consumers are present to participate in the early stages of the government's consideration of these matters.

In my view, Mr. Chairman, in spite of the mechanics that the economic council may have put forward later in its report, this is an indication that the Economic Council of Canada certainly accepted the premise that there must be in cabinet and in government somebody to speak out on behalf of consumers. That, of course, was the basis of the joint committee's recommendation, both in its interim and in its final report. They indicated that the time had now come when there should be a person of cabinet rank sitting in cabinet and participating in government decisions who would represent and act as spokesman for the Canadian consumer.

If there should be some conflict between the recommendations of the Economic Council of Canada and the recommendations of the joint Senate-House of Commons committee, my support will go to the recommendations of the joint committee. In this regard I should like to inform the hon. member for Peace River, who seemed to place such reliance on the views of the Economic Council of Canada, that the joint committee which recommended this department consisted of 36 members drawn from all walks of life in Canada. I think they formed a fair representation of Canadian opinion, and they came to their recommendations after hearing witnesses representing business, trade associations, universities, consumer groups and the public generally. The evidence the committee heard was given by a very broad cross-section of Canadian public opinion. At the conclusion of this very exhaustive evidence this committee, composed of members from all parties in the house, recommended the establishment of this department.

Mr. Baldwin: I wonder whether the hon. member would permit a question?

Mr. Basford: I am limited in my time, Mr. Chairman, but I would be happy to.

Mr. Baldwin: I realize, of course, that the hon. member cannot speak for the government or for the minister in advance, but would he tell me whether he thinks the government should pay the same degree of attention to the recommendations of the consumers advisory council as they are now paying to the Economic Council of Canada?

Mr. Basford: I do not know, but I want to say something toward the end of my remarks about the consumers advisory council.

Much was said this morning by the hon. member for Vancouver-Kingsway, to whom I listened with interest, about her great disappointment that this department is going to be called the department of corporate and consumer affairs. May I, with respect, suggest to the hon. lady that this criticism is something of a red herring. She expressed disappointment that the recommendations of the committee, which were simply and solely for a department of consumer affairs, were not being implemented but that instead we were going to have a department of corporate and consumer affairs.

First of all, Mr. Chairman, the committee was solely concerned, and its terms of reference were solely concerned, with consumer affairs. Therefore its recommendations dealt solely with the establishment of a department of consumer affairs. Second, and more importantly, if the hon. member for Vancouver-Kingsway will review, as I am sure she has, some of the recommendations of the joint committee she will see there were recommendations dealing with public disclosure in regard to corporations and with the whole area of corporate law. She will also see there were many observations and recommendations dealing with concentration in the food industry and in other industries. She will see there were observations and recommendations dealing with, for example, unfair trade practices. All of these were matters dealt with by the joint committee. All of them are now matters

that will be falling under the jurisdiction of the department of corporate and consumer affairs, and I submit they fall logically within this same department.

Let us consider bankruptcy for a moment, Mr. Chairman, which is also a matter over which the Registrar General has responsibility and over which the new minister and his department will have responsibility. It seems to me that unless our bankruptcy laws are efficiently and effectively administered no one loses but the consumer because the ultimate cost of bankruptcy has to be borne by the buying public. Therefore it seems to me logical to put such matters as combines, corporations, securities, bankruptcies and so on under the same jurisdiction as matters relating to consumer affairs. As I say, unless these respective pieces of financial legislation are properly administered no one but the consumer himself will suffer hurt.

In addition, it seems to me there should be a logical, co-ordinated and consistent approach to corporate and securities legislation and to matters affecting financial institutions in the same way as there is to what I call the more narrow, simple consumer protection matters. Therefore, to criticize the government for combining these two functions seems to me something of a red herring indeed.

This being the resolution stage, Mr. Chairman, I have not, of course, seen the legislation which will be introduced on passage of the resolution. Nevertheless I am hopeful that it is sufficiently strong enough to deal with the recommendations that the joint committee made and sufficiently strong enough to be able to carry those recommendations forward.

I now want to say a word about consumer protection. It seems to me that in spite of what is being said in this house today against the establishment of a department of consumer affairs and even by the most violent opponent—and there are some in the country—of a department of consumer affairs, this government or any other government has a duty, one which has often been recognized, to protect members of the public against hazards to health or safety or against fraud or deception. Of course, both at the federal level and provincial levels, a number of pieces of legislation have been passed with that duty or obligation in mind, namely, legislation which does protect people against hazards to health or safety or against fraud.

• (3:50 p.m.)

I refer, for example, to certain sections of the Criminal Code which while under the jurisdiction of the Department of Justice are actually administered by the ten provincial attorneys general; to the Food and Drugs Act administered by the Department of National Health and Welfare; to the Agricultural Products Standards Act, administered by the Department of Agriculture; and to the Weights and Measures Act administered by the Department of Trade and Commerce, to name only a few. Without in any way reflecting on either the ability or the conscientiousness of the civil servants operating these acts I think it can be clearly shown that because of this hodgepodge of legislative and administrative responsibilities and duties there is a lack of co-ordination between one administration and another. All the evidence before the joint committee went to show that this was the case. Certainly the report of the economic council in connection with consumer affairs points out that there is a great lack of co-ordination in the administration of the various acts now in force designed to protect consumers.

Without attempting to discuss in detail legislation covering, for example, automobile safety, or the flammability of textiles, which are areas where legislation may be required, it seems to me eminently sensible that there should be a much greater degree of co-ordination of the existing statutes, and this kind of organization could best be achieved through setting up a department of corporate and consumer affairs.

Much has been said in this house recently about voluntary restraint, voluntary action and voluntary codes of ethics. I wish to express a caveat. While much can be done as a result of industry voluntarily restraining itself by adopting codes of ethics and the like, I believe we would be making a mistake if we thought this was the best means by which the public could be protected. We in this house should not be lulled into thinking that voluntary action can be relied upon to solve the problems of consumer protection. The submission of the Better Business Bureaux which made representations to our committee could be summed up, it seems to me, by the words: "Leave us alone and we will protect the consumer." Without in any way reflecting on the work the bureaux have done across Canada—and they have done excellent work —there are still consumers who need protection; there are still consumers who are being

gypped by unscrupulous operators, and I think it can be shown time and time again that there are occasions when it is necessary for government to intervene.

I should like to give two examples. The first has to do with the Association of Canadian Chemical Specialty Manufacturers. This is made up of companies which manufacture some of the household cleaning solvents and solutions we use domestically. This association has drawn up a code of ethics, a very good code which provides for the proper labelling of the goods they produce, indicating which substances are dangerous and listing antidotes to be used should they be taken internally by young children, and so on. Members of this industry deserve thanks and credit for acting in this responsible and socially conscious way. The flaw is that nonmembers of the association do not need to comply with the code and, as a result, there are available in our stores household chemicals and cleaners which, in fact, are not properly labelled with appropriate warnings where necessary. Thus, while voluntary action is successful to the extent that those who agree with the code comply with it, there are unfortunately still those who refuse to comply with such provisions.

Let me offer another example. A man came to me a while ago and accused me of supporting a government which was keeping him up at nights. He brought me a number of cans of processed meat from various countries including New Zealand, Denmark, Australia, the United States and Canada. He told me that if he bought a can of meat from New Zealand, from Denmark or from Great Britain he knew from the label what was contained in the can. This was important because his son was an allergenic who could eat only certain types of meat, and if the food was not chosen correctly he was kept awake all night. Mr. Chairman, I have not noticed the meat packing industry in those other countries I have mentioned going out of business because they were required to state on the labels of these cans exactly what was contained inside the cans. It seems to me a national disgrace that here in Canada when we buy processed meat in a supermarket we should have no idea whether it contains beef or pork or liver or heart—

An hon. Member: Or horsemeat.

Mr. Basford: Or horsemeat. This man argued that here in Canada we are surely sophisticated enough to require manufacturers to state on their labels exactly what is contained in their product. It seems to me that for the sake of allergenics there is immediate need for a minister to assure that attention is given to the proper labelling of food, cosmetics, and other products.

As I promised the hon. member for Peace River, I will say a word about the consumer advisory committee. The resolution proposes the establishment of such a committee, and it seems to me it would be a useful and worthwhile body to give advice to the minister, as suggested by the Economic Council of Canada. It will consist of possibly 15 persons drawn from various walks of life in Canada—representatives of consumer groups, merchandisers, academics, businessmen and so on. The presence of this advisory committee concentrating on consumer affairs would assure that the government was responsive to the needs of the country and that its actions were in line with the demands both of the consumers and of the economy.

There are two questions which I hope the advisory committee will take under study right away; they are mentioned briefly in one of the reports of our joint committee. First, there is the question of taxes and tariffs which was referred to by the hon. member for Peace River. The committee report referred to the incidence of taxes and tariffs on the prices of goods to the consumer, and I believe the consumer advisory committee would do well to commission some studies along this line to find out how some of the costs to the consumer might be relieved. We shall all of course have to continue paying taxes, but I think it can be shown that some taxes have a greater impact on prices than others.

• (4:00 p.m.)

I think that would be a very worth-while study by the committee. Also, there are some commodities on which we have tariffs and I can find no logical basis for tariffs being on them. For instance, I see no reason why Canada imposes tariffs on bananas. I am not aware of any Canadian banana crop that needs protection, yet we have a tariff on bananas.

Mr. Nielsen: There are a lot of bananas on the treasury benches.

Mr. Basford: I see the hon. member for Yukon speaking. I did not know they are growing bananas in the Yukon.

Mr. Nielsen: You are talking about our leader's favourite food.

Mr. Basford: I think the consumer advisory committee should examine the existing list of tariffs in order to eliminate those which are providing no measure of protection. All they are doing is upping costs to the Canadian consumer. The committee should give further study to the whole question of tariffs. It seems to me there are many logical reasons, as pointed out by the hon. member for Peace River, why we in Canada will be better off if we have the freest possible trade and the lowest possible level of tariffs. This would give encouragement to industry to specialize and improve, thus putting it in a competitive position in international trade.

It can certainly be shown that, the lower tariffs are, the better off are consumers when they go to the supermarkets and spend their dollars. If we in Canada can reduce our tariffs we will effect considerable saving to the purchasing public. Last night I was delighted to read a speculative article in the *Financial Post* indicating that even Ontario manufacturers are beginning to see the benefit to Canada and themselves of lower tariffs and free trade. I would hope that article is correct and that the Ontario manufacturers, who traditionally have been opposed to free trade, will reverse their position and support those of us who believe in low tariffs and free trade. This is one aspect of protection that the consumer advisory committee could look into immediately on its formation.

As I said, Mr. Chairman, I am going to be brief in my observations at the resolution stage of the legislation. I am delighted the government has decided to establish a department of consumer affairs. I wish it well. I look forward to seeing the bill, and I hope its provisions will be strong enough to implement the recommendations we made in our joint committee.

Mr. Woolliams: Mr. Chairman, once again we have the Registrar General, a young minister, coming forward with new ideas.

An hon. Member: The new leader.

Mr. Woolliams: Somebody said he will be the new leader. I am not going to get into that phase of the matter, but I suppose he could be categorized as a young man with a quick mind and as quick an ambition. I can understand what has gone on in his mind, because he is one of the younger generation in the Liberal party and he is ambitious, and he knows his ambitions might fade if his party does not do something about two major problems facing the Canadian people. These problems are of great magnitude. The first problem concerns the highest cost of living ever experienced in the history of Canada. I suppose that is what the minister had in mind when he sponsored this resolution.

The second problem is that Canada today is facing a very serious financial crisis. This crisis is being somewhat hidden from the Canadian people because the Minister of Finance not only has the name Sharp but he has a sharp mind and a sharp way of being able to cover up the crisis the Canadian people are now experiencing, but of which they will have full knowledge in the very near future.

In the introduction to my remarks I think it would be good to see what the resolution has to say. We have not got the bill which will follow, and so it is difficult to criticize that. Therefore I must speak in reference to the principles involved. The resolution says that —

> —it is expedient to introduce a measure to establish a department of corporate and consumer affairs—

I notice the minister is contemplating putting the department into two branches, corporate and consumer affairs, and in the near future it may be that those will be divided. The resolution continues:

> —to provide for the appointment of a minister and a deputy minister and for their duties and powers; to provide that the governor in council may establish a consumer advisory council and other bodies to assist the minister—

I suppose to advise the minister.

> —and for the remuneration and expenses of the members thereof—

It is not so long ago that the House of Commons heard from the government that it was changing the nature of the Economic Council of Canada. This council was to be the advisory body that would advise the government. I wonder whether the minister can tell us—probably at another stage of the debate he will—when the economic council fell out of favour with the government. Its members were his appointments, or his government's appointments. The members of the council were to be the great men who would guide the government, who would advise how to control the cost of living, and how to control the large government bureaucracy from extending like an octopus into every facet of Canadian life.

What did that council say, and what advice has it given the minister and the government? This advice has already been read into

the record, but I think this might be a good time to review it because after listening to the hon. member for Vancouver-Burrard one would almost think that this was the beginning of a new era to bring down the cost of living, control it, and do something about the financial crisis the nation is facing. Let us see what the economic council said. At page 20 of its interim report it said:

> In view of the wide scope of consumer interests—

Consumers are sure interested because on orders of the day the Minister of Finance said he went to a store and found the prices were going down. He must have been shopping in a different store from that used by any other Canadian. He is unique in that regard; he has his own monopoly in his own private store. The report continues:

> In view of the wide scope of consumer interests and the many departments which are engaged in activities affecting consumers, there is no possibility of concentrating all these activities in a single department, nor would it be desirable to try to do so.

That was the advice of the wise men appointed by the government to advise it. But the moment these wise men measured up to their responsibilities as economic statesmen and advised the government of the trend it has been taking, a decision was taken to change the nature of the economic council.

Before I sit down I am going to endeavour to prove, and I think I will prove, that the government is partly, if not totally, responsible for the high cost of living. It is certainly responsible for government spending. I recall the days during the 1963 election when Liberals used to get on platforms and talk about the deficits incurred by the Conservative government. They were just like infants, babies in prams, compared to the deficits of today. If one reads the full report made by the economic council he will see that government costs in Canada have gone up 25 per cent more than in the United States, even though the United States is fighting a war in Viet Nam.

But let me return to the point I was making, that it was the government which appointed these wise men. Now it is throwing out the same wise men saying, "We are politicians, we know better. We will set up another council. We will line up Liberals. This time we want to make sure they are real Liberals. The other fellows may have been Grits. They have put us in an intolerable position with the public and we may be defeated in the next election. So we will set up another body to assist us, to advise us."

[Mr. Woolliams.]

Mr. Nielsen: "Tell us nicer things."

Mr. Woolliams: Yes, "Tell us nicer things." That is absolutely correct. But here we have the economic council saying it cannot be done.

Let us talk about the high cost of living for a few minutes. I have always been one of those who believe that not only do we have a crisis in this nation at a time of war, but there are also times when we have other crises that are just as severe in the sense of survival—economic crises. I know that some of my hon. friends to my left will agree with me on this.

The courts have interpreted the constitution—and I know the minister appreciates this line of the law—to mean that in times of crisis, "peace, order and good government", to use the phrase which appears in the B.N.A. Act, override property and civil rights, and so the government can bring in controls such as we had during war. But there is another line of thought which holds that an economic crisis is comparable to a time of war, even though the state is not being threatened by a foreign power. This line of thought holds that in such case the federal government has authority to control prices, to control wages and to control profits. If the government had some real spunk it would bring in regulations to control those things which are causing the cost of living to spiral.

• (4:10 p.m.)

For a solid year and a half I have asked the Prime Minister where the Woods report is, the report which has reference to the relationship between management and labour. This session he told me, as he did last session, that it was very important. He said that they would be rushing it in, in two or three weeks. I do not know what the finding of the Woods report will be, but soon some government some time—not these people, some hope—will have to measure up to its responsibility to this nation in reference to the labour-management relationship, because you cannot have a Pearson formula of 30 per cent, have it duplicated the next year in respect of the S.I.U., have costs spiralling and everything going up and expect to set up a department which will control prices.

I have not seen the bill, but if I had to vote at this moment I would probably vote in favour of it because any little bit is better than nothing. But the government is not even scratching the surface of this problem. This is strictly window dressing to try to show the Canadian people that they are going to do

something about the cost of living. What has caused the costs to rise so quickly? No government has been such a free spender as has this government. Take a look at the budget of 1963 and the budget of 1966. When you do that, you will see what has happened. We have heard the boloney—we in western Canada call it boloney—that the great Minister of Finance has pared off $700 million. This is sophistry. We know what he is doing. This always has happened in the past. The minister comes in and presents his estimates. Trimming always takes place. But they have not trimmed anything off the estimates which actually gets into the budget. They just blow up a great big piece of propaganda.

If these wise ministers, who they believe are wiser than the members of the economic council, had trimmed their estimates before they came in or, to put it the other way, had enlarged them, the minister could say that they have saved the Canadian people $2 billion or $3 billion. This is straight sophistry. When we came back with a new leader we were organized and we were doing our homework, but they called us the same old gang. This might bring headlines; but I say to them that the "same old gang" is running the Liberal party.

Let us look at the headline in the Toronto *Daily Star* of October 5, 1967. I could not say that this paper is unfriendly to the Liberals. If it is, then this is something new, because it says, "Stop wage-price climb or I'll up taxes—Sharp". Do you know what Sharp said? I do not know what he said to the members of the cabinet, and I should like to hear what he said to my friend the young minister who said, "free this and free that". He mentioned 15 free items when he appeared on T.V. He thought everything would be free. Sharp told the Canadian people that if they do not behave themselves and stop doing this, that or the other thing, if they do not stop spending money, the government will increase taxes and bring on unemployment. Then they will let the Tories come in, so that they again can say that a Conservative government brings in hard times, as it was alleged to have done in 1957.

Mr. Nielsen: They are applauding you.

Mr. Woolliams: Yes, because they know that is the plan. Fancy the audacity of the Minister of Finance in saying, "Stop spending or we will tax you". This is the same group; they are the same kind of people who were turned out of office in 1957, and they came back talking about the same things in 1962.

Mr. Watson (Assiniboia): They started on wheat.

Mr. Woolliams: Yes, but for the moment I should like to talk about their spending. The spending by this government is 25 per cent higher since these wise men of the Liberal party took office; it has increased 25 per cent, compared to the United States which is fighting a war. They have just poured out money.

I should like to know whether the minister has used the new provisions of the Bank of Canada Act which were brought in so that they could pad the statutes to avoid another Coyne affair, and so that if they do not have enough money flowing the cabinet can write to the governor of the Bank of Canada and say, "We want more money flowing". I have not spoken to the governor of the Bank of Canada, but my guess is that it is the governor of the Bank of Canada who told Mr. Sharp and the cabinet to slow down and not to put any more money out, because too much has been put out already and this has aggravated inflation. When the minister goes into cabinet I wish he would say, "We will cut back on government spending". But what is he actually doing today? He says he is going to set up a new department, which basically is only going to investigate, take a look, and obtain some information.

We might take the example of the Department of Industry. It started with a little group, and all of a sudden it is large. It is no wonder that the estimates have gone up. This is the growth of bureaucracy. This country is over-governed. We have more people working for the government than has any nation in the world. The new minister says that we need another department because we have a problem and must set up another department through which to funnel information. I do not think the minister believes that what he is doing today will control the high cost of living. He must start right now to cut down on government expenditure and stop threatening the people with increased taxes.

What is wrong with the economy? My friend from Assiniboia mentioned wheat. In June we heard the Minister of Trade and Commerce say that the price of wheat would be set at 21 cents a bushel more. They had an agreement and all they had to do was have it ratified in the parliamentary institutions of the 52 countries; but that evening when he reported he never said that the agreement had lapsed. The United States then dumped

about 67 million bushels into Japan. We lost our market.

They say they will subsidize grain. They know and I know there will never be a subsidy paid because the Canadian Wheat Board will never sell at prices below the minimum. If they did, how could they go back in the fall and obtain an agreement which would be ratified by the 52 countries taking part in the conference? So, we know that not a dollar will be paid out of the treasury. As I said before and as I say now we were until recently the chief wheat exporting nation of the world. There are 219 delivery points in Alberta to which the farmers were able to deliver only 400 bushels of wheat when the S.I.U. strike was on. Mr. McNamara said that it would not have mattered whether the strike was on or off because they would not deliver any wheat.

• (4:20 p.m.)

What kind of nonsense is this? This government told us the price of wheat went up 21 cents a bushel, and now it is gone down 22 cents a bushel and we are not selling our grain. This government talks about financial problems. Let me remind them that the production and sale of wheat is the most important industry in this nation, and the problems in respect of balance of payments which exist today would be much greater where it not for the fact that wheat sales have been increasing since 1962. I think it is fair to say that these sales took place under the Conservative and Liberal governments because the markets were opened by the Conservative government. The fact is that these sales are now disappearing and this financial prop has gone. In spite of this the government goes on spending money as though there was no end to the amount available.

This government has received many warnings from the governor of the Bank of Canada about excessive spending. We have in this nation today the highest interest on mortgages we have had in 40 years. Conventional mortgages are now being drawn in law offices across this country at 9 per cent. Even in 1929 before the crash the interest rate was only 8 per cent per annum compounded every three months. We know that people trying to get second mortgages in urban centres, about which the minister talks with great affection, are paying as high as 20 per cent. The government is doing nothing about this situation.

An hon. Member: It couldn't be 20 per cent.

[Mr. Woolliams.]

Mr. Woolliams: Someone says it could not be 20 per cent. Let me remind him that they increase the principal just as they lower the cost of bonds and increase the interest. This government must come to grips with the problem. I would be happy if the government set up a department that had the gumption and guts to do something about this situation, but this government will not even make a move. It merely hangs window dressings and curtains while the cost of living continues to rise. They have fenced in the Minister of Finance.

Who in Canada today would want to be the Minister of Finance?

An hon. Member: Mr. Hellyer.

Mr. Woolliams: He might make a good Minister of Finance; he would unify and integrate; but who actually would want to be the Minister of Finance at this time when at least two thirds of the budget is set aside by parliament and regulation? The Minister of Finance has only one third of the budget to play with and utilize. This government brought in medicare. I asked on many occasions—and my questions were ruled out of order by the speaker—what medicare would cost. The Prime Minister of this country said the government had not calculated the cost. This government puts up beautiful curtains and window dressings so the Canadian people will think it is doing something, and apparently waits until afterwards to worry about finding the money.

What is this government now doing about medicare? I suggest it is hoping and praying each night that the provinces will veto medicare so that it can say it tried to bring medicare to the people but the provinces objected. Perhaps the government will say it even tried to blackmail the provinces by promising to pay 50 per cent; but even at 50 per cent it would still cost over $600 million per year. When I asked the Prime Minister about this two years ago he said he did not know what the cost might be. I suggest he did know but still hoped the provinces would not accept it.

The Chairman: I am sorry to interrupt the hon. member but his allotted times has expired.

Some hon. Members: Carry on.

Mr. Woolliams: I am just about finished.

The Chairman: Does the hon. member have the unanimous consent of the committee to continue?

Some hon. Members: Agreed.

Mr. Woolliams: The Prime Minister knew what this program would cost but his government was busy hanging up window dressings. My friends to my left might not like this suggestion but the government has adopted the program advocated by the N.D.P. It is true that the N.D.P. is not in office or in the official opposition and need not be quite so responsible, but the fact is that the government has followed the N.D.P. plan in bringing in this grandiose program, without any thought as to how to finance it. The N.D.P. members now in Ontario are asking the people to consider the high cost of living but they do not tell the people that the plan they advocated as adopted by the government, is one of many plans which help to keep up this high cost of living. In my opinion, as I have said before, this is the failure of socialism at work.

Mr. Douglas: How much has medicare cost the treasury so far?

Mr. Woolliams: The answer to that question is nothing; and it will cost the treasury nothing a year from now because the government has no intention of bringing it in. My hon. friend is aware of this, because the provinces will veto the plan. This government can then go to the people and say it brought in a medicare plan but the horrible provinces would not adopt it. That is how this government campaigns; but its members must now realize that we are in the House of Commons debating these things.

There is another aspect of medicare that must be considered. It would be easy for the government to bring in such a plan, but it would be useless because we do not have enough doctors, nurses or hospital facilities. There has been no planning or organization.

Mr. Nielsen: And no government.

Mr. Woolliams: You are right, there has been no government. I could continue for some time but I should like to end my comments with these words. This government has placed this country in a terrible mess as a result of its fumbling and bumbling. I suggest the government should heed those very words, because it has been fumbling and bumbling. There is only one way the government can get the country out of this mess: It must be brave enough to reconsider its election promises; it must stop hanging window dressings.

Mr. Nielsen: The government should resign.

Mr. Woolliams: This government would never resign. All it ever does is quietly get out of office when things are difficult. We then have to come in and mend the fences.

Mr. Turner: That has not happened often.

Mr. Woolliams: We have had several recessions. I should hate to go into the facts of the matter, but this government must have the courage to bring in controls now. It may not think this can be done under federal authority but I suggest it should try, and let this be tested by the Supreme Court of Canada. The country is suffering from one strike after another. Profits are rising and wages have now begun to catch up. Bonds and debentures are increasing in cost. Bonds which cost $100 three or four years ago are now selling for as low as $68 because of high interest rates. That is not the case today. The government must bring in controls in spite of its opinion that this is not within federal jurisdiction.

I should like to see the Woods report. My guess that it is now on the Prime Minister's desk but he does not want to make it public. We have witnessed one crisis after another in this country and this government inevitably waits for a crisis before it acts. I suggest that the government must cut back on expenses. We are about to face winter unemployment, and I should like to hear what the minister intends to do in this regard. Let me predict that if it continues as it has been doing this government will be in a worse mess next year than the mess it is in at this time.

This government is now setting up a new department. The economic council has stated that this will not solve the basic problems. Every member of parliament must adopt some attitude and must go along with some program, but we on this side feel that the government is now trying to kill an elephant with a flyswatter.

• (4:30 p.m.)

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I am glad I won an argument with the hon. member for Bow River a little earlier this afternoon when I persuaded him as the more prestigious member of parliament to speak before I did during this debate. He has fired quite a lot of ammunition and I now find myself in the unfortunate position of having to deal with the arguments of two of my fellow members of parliament, that hon. member and the Registrar General, both of whom are men of great charm. I find it rather difficult to resist that charm on occasion, but I do my best. The minister may remember that I gave him

some warning a few months ago about hoping to achieve his purposes merely by means of charm. I think he is doing a little better now although I was somewhat alarmed when I learned he was not prepared to tell us very much about what he proposes to do with this new department of which he is to be the head. In fact, his whole attitude this morning was that he was going to say as little as possible and have the rest of us speak our minds. Then presumably at a later date he would make comments on what we had said.

The sad part of it, of course, is that the minister has not made the mistake that is considered to be absolutely fatal for a politician, namely, that of writing a book; but he has done something almost as bad. He has allowed himself to be interviewed by a reporter of this particular periodical which arrived on my desk the other day. So we have some idea of what he is planning to do, and an even clearer idea of what he is not planning to do. He tells us what the department will not do, but he does not tell us what it will do. He tells us that this department will intervene only in the following circumstances.

Mr. Nielsen: It is a department not to do things.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Yes, it is a department not to do things; I think that is it. You might almost call it a non-department. So I really do not know why my hon. friend from Yukon was in such a fuss about this department. This morning the hon. member complained about the establishment of another department, but if it is a non-department he should not be worrying about it.

The minister tells us that this department will do nothing except where the competitive forces have not been allowed to play. Second, this department will intervene only where there has been a lack of fair market practice, or fraud or deception. Third, the department will intervene only where public health or safety are concerned, and where the consumer needs information in order to equalize the market relationship.

Let us examine those four areas in which the department, I suppose by implication, is going to act. It will act where the competitive forces have not been allowed to play. What is it going to do? The minister did not tell us what it is going to do with regard to the sections of our economy outlined earlier today by my colleague the hon. member for Vancouver-Kingsway, that is, sections of the economy in which there is no competition at all, areas in which to speak of competitive forces is just nonsense.

What is this department going to do with regard to lack of fair market practice, or fraud or deception? What is fair market practice? I may be merely a cynical old man, but it seems to me that market practice is to get as much as you can and give as little as possible. Is this what the minister thinks is fair market practice? He had some rather interesting things to say with regard to fraud and deception, which is another area in which this department will intervene. He drew a very fine line of distinction—I was very interested in this—between honest exaggeration and deception. I wonder whether when he said this he was defining the position of the Liberal party? Some things are permissible to them because they are merely honest exaggerations. They are not perfect, but they are almost perfect. If the minister said they were perfect, it would be deception. I do not quite know exactly where we can expect the minister to take us on this score. He draws some line, which he does not define very well, between honest exaggeration and deception. I hope that later in this debate the minister will tell us precisely and definitively just what that line is.

As far as public health or safety are concerned, will the minister take some action with regard to air pollution? Will he take some action against the large corporations in this country which with impunity are pouring all manner of pollution into the air and waters of Canada? Is he going to do anything about those problems? The pollution of our air and waters is perhaps our major threat to health at the present time.

Will the minister take any action with regard to the car manufacturers, in line with the demands of the hon. member for Brome-Missisquoi who for the last—it seems a long time—two years, anyway, has been demanding that some action be taken by the government to protect the car traveller by the installation of proper safety devices in automobiles? The minister did not suggest that he would do anything about this problem.

I now come to the final area in which this new department will intervene. This is really the pay-off, when we consider it in the light of the minister's interview. This was a most unfortunate interview for the minister. He should not have allowed himself to be cajoled into being interviewed.

Mr. Woolliams: He is fairly elusive.

Mr. Cameron (Nanaimo-Cowichan-The Islands): No, he was not at all elusive in his interview; he did not elude at all well. His new department is going to intervene where the consumer needs information in order to equalize the market relationship. Yet on page 17 of this magazine, *Canada Month*, the very same page of the report of this disastrous interview, the minister says:

As for consumer information from the government, it seems superfluous in a day when the media are crowded with product advertising and editorial comment; when good consumer magazines that report laboratory tests are on every newsstand; and when the level of education is presumably at the highest point it has ever been. Fish recipes and lists of camping grounds are hardly what we pay taxes for.

Nor, apparently, are we going to pay taxes for providing the consumers of Canada with definitive information about the products that are advertised, even though the minister lists as No. 4 that this department will intervene where the consumer needs information in order to equalize the market relationship. Right below that statement, on the same page, the minister states that there is no role for the government to play in this matter.

Mr. Nielsen: He is going to co-ordinate the chaos.

Mr. Cameron (Nanaimo-Cowichan-The Islands): He is going to co-ordinate something; I do not know whether it is chaos. I suppose he is going to co-ordinate the jungle created by the information and advertising media of this country. I hope the minister will be able to resolve the conflict between his statement at one place on this page and his statement at another place on the same page.

I wonder whether the minister really intends to do very much about our economy. The interviewer was quite pointed in this respect. He asked the minister a very interesting question and one of which I think the people of Canada should take particular note. The interviewer asked:

Is this likely to satisfy the N.D.P., I ask—

That is the reporter interviewing the minister.

—as guilelessly as I can.

Do you know what the answer was? The minister is reported, anyway, to have answered:

Well . . . what does the N.D.P. want? It wants consumer programs "with teeth." It wants a prices review board—"but", says Turner with justifiable triumph, "where's the constitutional authority for that?"

I ask the minister, where is the constitutional bar to the government of Canada setting up a board to which any consumer can refer for review, examination and research prices that have been charged him? I suggest to the minister that it would be a very bold citizen of Canada, in the business world or elsewhere, who would refuse to answer the questions that this department ought to be asking with regard to prices. This seems to be, again, a complete abdication of the responsibility of government that we have experienced again and again from the Liberal party and the Liberal government. It is the typical, traditional, classical escape hatch of the Liberals. They say, "We cannot act. We do not want to act. It would be dangerous, so we cannot act. We would love to do something for you, but unfortunately there is a constitutional bar that we are not prepared to bark our shins upon."

Mr. Nielsen: They say, "We will have a study."

Mr. Cameron (Nanaimo-Cowichan-The Islands): Yes, they say, "We will study the constitution, but we still will not do anything."

Mr. Knowles: "It will make it look as though we are doing something."

Mr. Cameron (Nanaimo-Cowichan-The Islands): It may. I wonder whether it really does. I continue quoting from this very unfortunate interview given by the minister:

Weak or not, Turner, I judge, is no lightweight. The prospect of starting what is virtually a new department excites him.

He did not sound very excited this morning.

• (4:40 p.m.)

He wants it to be efficient, economical, a credit to his reputation. He is not riddled with class frustrations, nor stiffened with embittering experiences.

After all, the taste of a silver spoon is supposed to be quite pleasant.

He can see political advantage positively glowing in a portfolio whose scope involves everyone in the country who buys groceries or cars or shoes. Indeed, everyone in the country, period. He can see the glorious prospect of pleasing both halves of the economy and he hasn't yet fallen into any of the beartraps.

I do not know what he fell into this morning. It may not prove to be a beartrap; it may just prove to be the usual Liberal slough of despond. If he really thinks that he can

represent and please both halves of a conflicting economy, then I am afraid this young man is due for a very sad disillusionment.

I want to stress this point to the minister, for whom I have considerable regard although he may not think so at this particular moment, that even though I am an old man I am delighted to see young men coming forward in our political life. Occasionally they have to be slapped back a little, but I am glad to see him doing this. However, I would like to ask him to consider the implications of a statement which horrified me, which was made by my friend, Mr. Charles Neapole of the Montreal Stock Exchange, who, I suppose, is known to the minister. Perhaps he is aware of Mr. Neapole's comment about the Carter commission report, that it was a really foul plot, it was simply going to undermine the whole concept of democracy in our society and it was going to turn the business community into merely agents of the government. I ask the minister, what is wrong with that? What other purpose should we consider reasonable and justifiable for any business enterprise in this country, except to serve the purposes of the people of Canada as represented by the government?

Mr. Knowles: It is the other way around.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Yes, now it is the other way around, and I suggest the minister should study this statement of Mr. Neapole to realize that it is actually a statement of the position that he and his government are taking that they are not prepared to subordinate the business and productive enterprises of this country to the services of the Canadian people.

Yet, through the new department which the minister will head he will have the opportunity to do something about this. But this morning he did not indicate he was going to do it. In fact I suspect he accepted the viewpoint of the Economic Council of Canada. I was disturbed when I saw the interim report of the council on consumer affairs and the Department of the Registrar General because I have always had respect for the Economic Council of Canada and its personnel, many of whom are known to me personally. But this report seemed to be nothing short of a disgrace. The council asks questions which it does not answer. Let us consider some of them, for instance the following one which appears on page 7 of the report:

> The following questions, for example, need to be answered before it can be known whether higher standards of living are likely to result from an increase in output:
>
> —What form has the increase in output taken? Would the consumers have preferred something else?
>
> Did consumers have sufficient information to make informed choices? Could the same products have been made available at lower prices?
>
> —Supposing the consumer has bought what he wants, how well does the article function in use? What is its frequency-of-repair record? Does it expose the user to unnecessary hazards?
>
> Such questions indicate that the performance of the economy cannot be judged exclusively by the behaviour of total output and income.

Having asked these questions the council gives no answer whatsoever. Instead, on page 8 of the report it goes on to make statements which I think are open to very serious doubt, such as the following one:

> ..."the interests of the consumer, in the light of the government's long-term economic objectives", are only served to the degree that the growing productive capabilities of the economy are in fact converted into improvements in living standards.

Whose living standards are they referring to?

> The major responsibility—

This is something that I am afraid the minister has swallowed hook, line and sinker.

> —for seeing that an efficient conversion of this kind takes place devolves in our society upon business and consumers themselves. But there are certain government policies which help the process along. These are policies which are not primarily directed toward raising total income and consumption expenditure but toward enhancing the probability that household money incomes will be efficiently transformed into desired goods and services and that productive resources therefore will not be used wastefully.

Obviously the minister and his colleague, the Minister of Finance, took this as their guide line of action and really believe that we can, in the present modern age, leave to business and to consumers these decisions as to the nature of our society. I suggest to the minister, who is a young man, who will be in politics long after I am dead, and who has a tremendous opportunity, that he should realize that today in Canada the government is facing a challenge created by modern technology which makes a fool of all conventional wisdom, that the addiction of this government and all the governments we have had to date to a devotion to the free enterprise system and to the glories of profit-making are irrelevant in the modern age.

If this government is not prepared to subordinate every segment in our economy in business, in the professions and among the consumers, to the common good, then it will disappear as other governments have disappeared in the past. I hope that this minister,

who in part at least comes from my own province and who is a young man of great ability and great attainment—I was merely being rude and facetious when I suggested he relied on charm and I believe he has much more than charm; he has great ability and great brains—will lead Canada and the Canadian government in the task of controlling our economy to serve, not merely the purposes of the Canadian people, but to undertake the responsibilities and duties of the people of Canada in the world today. We have to serve that purpose if we are to survive and we shall not do that unless the government is prepared to intervene and to participate in the operations of what should be the most prosperous and productive economy in the world. Unfortunately it has not yet reached that stage.

• (4:50 p.m.)

[*Translation*]

Mr. Latulippe: Mr. Chairman, I am pleased to say a few words on this proposed resolution.

According to the resolution, a new department is to be established, whose purpose and duty it will be to balance our economy so that consumer goods can be disposed of and the people can enjoy them.

I doubt that the creation of a new department will cure all our economic ills. Our economy is completely out of balance and the creation of several departments before this one has not succeeded in boosting the economy of our country. The more the present system is applied, the more it throws our economy out of balance and, as a solution, the creation of new departments is suggested. By creating new departments you increase the cost of the products and right away you will have to increase taxes immediately to meet the expenditures of that new department. One knows how much it costs the nation to administer a department. There are some whose administration costs almost 60 per cent of their budget. There are others that probably spend even more. The department of corporate and consumer affairs which will be set up will not escape all that. Like the others, it will have to open new offices, put up new buildings, hire a great number of bureaucrats and pay them large salaries, and all that costs the nation a lot of money.

I think that, at the present time, we have enough departments. I do not think that it is by the creation of a new department that we will add to the purchasing power of consumers. If a department makes a few practical suggestions in order to increase the purchasing power of consumers, the general economy will object and the Minister of Finance (Mr. Sharp) will say that revenues are not sufficient.

I do not think that it is a practical solution. The best one is still to increase the purchasing power of the consumers through the existing departments. The Department of Finance would have to deal mainly with this situation since it is the one responsible. There is no consumer credit and the consumers have no money, no purchasing power, the goods remain in storage and in the stores, and the citizens are further deprived of them.

Then, Mr. Chairman, if we put more buying power in the consumers' hands, we can conclude with certainty that production will not be found wanting in Canada. Canadian production is financed to the tune of about 75 per cent and even at that, we have piled up surpluses. Production is finance but not consumption.

The buying power which is distributed through work and capital, is not sufficient to put in the hands of every individual, of the unemployed, of those who do not have buying power through capital assets or work, what is needed to provide the necessities of life. We must put in the hands of consumers adequate buying power if we want to consume our products.

Our surplus production stood at $18 billion in 1966-67 and exceeded $15 billion in 1965-66. We have had surplus goods ever since the end of the war, since 1945. Therefore, Mr. Chairman, if our surplus production is so high, the problem is not with production, because it has already been settled.

No problems either with regard to transportation. Why is transportation so costly? Because everything related to transportation is so heavily taxed: trucks, tires, gas, and this makes for an increased cost of living.

I wonder what the new department of consumer affairs will do in all this. Will it reduce transportation costs? Will it reduce interest rates? Will it reduce income and other taxes so as to lower the cost price of goods and enable consumers to purchase a certain amount of goods with the same dollar?

So, Mr. Chairman, I hardly think that this department will perform miracles and I feel that creating such a department is a pipe dream.

I have here a report showing that almost all citizens, public bodies or associations that have presented briefs have come to the conclusion that we need a new department of consumers.

The same report also indicates that there are other citizens who also have made studies and all kinds of suggestions. In fact, some of them are very practical. For instance, the Maritime Co-operative Council of Moncton, New Brunswick stated, as reported on page 3111, that:

For the purposes of this presentation, we say there are two fields of credit: purchase of merchandise on credit and the borrowing of direct purchasing power. We believe that consumers are being exploited in both these fields.

That is what we have been saying and repeating for a long time, Mr. Chairman. I continue:

Not so many years ago, individuals tried not to become indebted particularly for the purchase of merchandise. Thus, those who could lend money realized that individuals did not then constitute a very good market but that their institutions could be used to advantage in that area. As a result, credit was built up in all public institutions such as schools, cities, municipalities, provinces, the Dominion, etc. and all that is needed is to look at the interest charges on the national debt which now exceed 1 billion dollars yearly (see Appendix 1) to understand the cost the consumer must meet through all kinds of taxes collected at the source or on the price of merchandise, the price of labour or other corresponding factors.

It was stated that the consumers had been opposed to borrowing, but in the last few years it seems that the situation has changed, in that consumer credit has reached what we consider to be an alarming level where debts amount to several billions of dollars. The related credit charges push up prices and, incidentally, further depreciate the dollar and cause inflation.

I wonder what the departments are going to do about inflation and deflation. Now, deflation is never discussed because it only affects the small fry, the poor; it is not worthwhile discussing it. But inflation is discussed, because it affects everyone.

And now, back to the quotation:

Federal legislation providing for the complete disclosure to purchasers and borrowers of interest rates and other charges on loans. (Legislation to bring loans out in the open.)

Role of money or credit.

In commerce, money or credit should help the flow of goods or services. It should not be controlled as a basic material. Even today, chartered banks are rather accounting institutions which control the creation of the monetary mass or credit, as if it were a raw matrial having a tremendous influence on the world of business, and they can set interest rates. The cost of money or credit should not exceed that of accounting, but when money or credit are controlled as one would a raw material, it is used to brake or stimulate

[Mr. Latulippe.]

the flow of goods according to the wishes of those who control it, with a view to making profits and not solely to serve business.

• (5:00 p.m.)

We have been talking about those things for so long that at least today we feel some support in the claims we have made for years. Therefore, I continue:

Royal commission on banking and finance.

The report of the royal commission on banking and finance explained on page 105 how the banks create the money supply or credit. After explaining how the Bank of Canada authorizes the chartered banks to create more money or more credit, the report of the royal commission continues with this statement.

This is taken from the report, Mr. Chairman, the words are not mine.

Thus if the first bank finds its cash increased by $8 million by the initial Bank of Canada purchase from one of its customers and grants a loan of $7 million to a customer who spends it on additional supplies, the suppliers will re-deposit these funds in other banks which will in turn find themselves with extra cash with which to add to their assets. At this point, the banks as a group will find that their deposits have risen by $15 million—$8 million from the original security purchase and $7 million from the proceeds of the loan—but their cash has increased by $8 million. Since their cash ratio is still higher than it need be, this process of expansion will continue, only coming to a halt, all other things being equal, when the liabilities of the banking system have increased by $100 million. At this point the statutory cash ratio of 8 per cent has been restored and any further expansion would bring the ratio below the requirement.

It is to be noted that the requirement in regard to the 8 per cent reserve with the Bank of Canada has been reduced to 7 per cent shortly after, which in fact has empowered the chartered banks to increase credit to that extent on the basis of their deposit with the Bank of Canada. It should be remembered that interest is being collected on these amounts entered in their books as loans.

That the Bank of Canada have greater control of the production and distribution of necessary credit (money).

Financing through cooperatives.

A major solution available to consumers who wish to solve their financing problem or succeed in paying expenditures they must incur could be and in fact already is, the creation of cooperative financial institutions.

Such institutions could include among others the caisses populaires (credit unions), the credit cooperatives, the cooperative insurance companies and cooperative trust companies.

There is nothing magical about all this. In the case of the caisses populaires, the members cannot borrow more than what is deposited as savings, which is not the case for banks. A number of people invariably manage to save up money, and these savings are then available at a reasonable

interest to those who need them. In every co-operative financial institution of this kind, those who contributed to the build-up of capital retain only a limited control on its use, whereas other institutions use it for profit and exploitation. This type of activity and organization, which helps its members (users or consumers) to save up money, should be encouraged by the joint committee and benefit from government support.

Now, Mr. Chairman, I ask myself again, what will the department of consumer affairs do in all this? What will it settle in all this?

When the Conservatives, Liberals and N.D.P. members voted for the increase in interest rates, they did everything possible to give high finance all the necessary powers for further exploitation of the people.

When we moved amendments to the Bank Act for the purpose of freezing interest rates at 6 per cent, most members in all parties, old and new, voted against them, then they call themselves the defenders of the people. On the contrary, they are the defenders of high finance, of hypocrisy, that is what they are, the members of every other party in this house. No other member, except us, called for any financial readjustment. It is imperative that our economy regain its balance, yet this will never be achieved by continuing to allow economic imbalance, by allowing higher cost of living in every economic sector, by maintaining the same attitude in the fields of strikes, wage increases, taxes, fiscal levies and interest rates. These members allowed all that and they claim to be the defenders of the people; as Our Lord said, they are only hypocrites, white sepulchres.

I do not want to dwell longer on that subject, Mr. Chairman. The minister knows and all the members know that things are going badly. Nobody proposes solutions except to try this and that; they try all sorts of things, which gets them nowhere, instead of balancing the wheels of the economic mechanism. We have a big wheel and a small wheel on the economic chariot, so that the system turns in a circle. Instead of using two wheels of the same size to attain the objective, they enjoy loading the chariot, unloading it and doing all kinds of repairs except changing the small wheel which should be balanced with the other, so that the system might go straight and balance the economy.

The economy is always kept unbalanced and no one wants to make the necessary adjustments to the economic wheel so that it will turn in the right direction and give our economy a balance which might satisfy every Canadian.

In our country there are people who make money and there are some who live by their work and their capital. There are 7,400,000 citizens who receive an income from their work and their capital, but there are also 13 million citizens who have no income from their work or their capital but who are taxed and have to pay the same taxes as all the others. On the other hand, out of those 7,400,000 citizens who derive an income from their capital or their work, 2,400,000 do not earn enough to pay income tax.

So what is that new department of consumer credit going to do about those problems? Is it going to plant potatoes, to grow potatoes? Is it going to distribute the produce of the land? No. The land will continue to produce. No one worries about tomorrow, to the extent that production is not lacking.

But if, as I said a while ago, we were to finance 100 per cent of our whole production, all the means of production, we could double it: it would jump from $62 billion to $124 billion.

This would be possible in Canada since, at the present time, one third of the population, of the working class, is not working; it could produce, help production whereas, now, it is unemployed and lives at someone else's expense.

They steal from those who work to give to those who do nothing.

So, Mr. Chairman, we have a complete lack of balance, to the point that the worker is as poor as the unemployed. The parasite living off society gets as much as the worker, because the latter sees his pay dwindle on account of income tax and the various other taxes deducted from his salary.

With all those association and union dues, the various taxes deducted from his pay, the worker is as poor as the one receiving social assistance.

(5:10 p.m.)

There is a deplorable imbalance that should be corrected. I wonder what action the department of corporate and consumer affairs will take.

The Assistant Deputy Chairman: Order, please. I am sorry to interrupt the hon. member, but his allotted time has now expired. Is the committee unanimously agreed that he should continue?

Some hon. Members: Agreed, continue.

Mr. Latulippe: Mr. Chairman, I have here other quotations from the report on consumer credit. On page 3510, it reads:

—Keeping in mind that total union membership is only about 30 per cent of the Canadian labour force . . . Our Federation has investigated the matter of "poverty in Ontario". Discussions on poverty have been held since at all levels of government, but it is possible to wonder if anything really constructive ever came out of it.

Today, in Canada, the distribution of revenues favours the rich at the expense of the poor. There is evidence that, since 1961—the span of our inquiry—the top 20 per cent in the income ladder were taking in 42½ per cent of our national income whereas the bottom 20 per cent were getting only 4½ per cent.

What a beautiful picture. Forty two and one half per cent of the national income finds its way into the pockets of 20 per cent of the population in the upper income bracket, while the 20 per cent in the lowest bracket only get 4½ per cent. This appears in black and white in the report.

It seems to indicate that the situation has gone from bad to worse.

On page 3511:

No one starves to death, but 25 per cent of our population are excluded from the common standard of living. Not to be able to afford a show or a glass of beer, when all the others can, is a sort of starvation.

Annual guaranteed income. More and more, the great thinkers, whose views reach beyond national boundaries, agree that the wealth of our society has not been shared equitably through the means now being used and that it would be timely to adopt new methods to do so.

In an excerpt from the 95th report of the Canadian Manufacturers' Association, the author of *The Affluent Society* stated:

(Amongst other functions) we must ensure that the greatest number of people share in the economic well-being. That is what improved public services and a better environment tend to foster.

I feel that the time has come to guarantee a minimum salary to those who, for some reason or other, do not earn enough to live decently.

Most men, most women who can hardly survive with an inadequate income would work if they could. Idleness is not sought after as much as most well-to-do people think.

We now provide for the destitute, but through various means which are costly and are at the same time an insult to human dignity. Moreover, these methods have the worst effects on initiative, because a low-paid job involves a considerable loss of financial assistance. It would be an excellent thing and an act of charity towards our fellow-citizens to experiment with the guaranteed salary or negative tax system and to tell us the best way to do it.

The U.S. Chamber of Commerce organized (in December 1966) a forum on the best methods to ensure a decent standard of living to all.

[The Assistant Deputy Chairman.]

Robert Théobald, James Tobin, Milton Friedman, economic advisers all, favoured the negative income tax on a guaranteed income.

Mr. Chairman, I would not like to take time away from the others but, before closing, I will say that Canada is not made up of ten provinces, eight chartered banks, a Bank of Canada, 80,000 big corporations, 26 or 27 departments, including the new one, 400,000 institutions, 4,794 municipalities, 3,800,000 square miles, it is made up of 20,400,000 citizens who have needs and who, under the law, have the right to be satisfied in a country as rich as ours.

[*English*]

Mr. Mather: Rising to say a few words on the proposition which is before us calling for the establishment of a department of consumer and corporate affairs, I should like first of all to acknowledge the compliments which have been paid by some previous speakers to the New Democratic party for, as one of them suggested, having been responsible for encouraging the government to introduce this legislation.

Mr. Basford: I did not hear those compliments.

Mr. Mather: Had you been in the house earlier you would have done so.

Mr. Basford: I was behind the curtains.

Mr. Mather: The other speakers said in effect that the New Democratic party introduced some very good ideas, but brought them forward four or five years too soon. That is another way of saying that the older parties are four or five years behind the times. In the present case in connection with the establishment of a department of consumer affairs, the leader of my party put this idea forward in 1964 or 1965, as I recall it, and the suggestion was greeted at that time with scepticism and scoffing by the leaders of the older parties. Of course we in our party do not mind other organizations stealing our clothes, but we do object to the way in which they sometimes wear them after they have stolen them.

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

Mr. Mather: I will permit several questions at the end of my remarks. In fact, I will hold a question period if hon. members wish.

Mr. Basford: Would the hon. member be sufficiently generous as to concede that the

idea came originally from the Canadian Association of Consumers?

Mr. Mather: I have said that I will welcome questions at the end of my brief remarks. I will certainly entertain that one then. In my opinion, at least, the New Democratic party is primarily responsible, as some other speakers have said, for our having this legislation before us.

I repeat, we do not mind other people stealing our clothes, but we object to the way in which they sometimes wear them. For example, we question very much the tops of pyjamas being worn when the bottom of the garment is not worn at the same time. As we look at the proposal before us we are bound to think it is a weak type of legislation we are being asked to consider. But having played a large part in getting this vehicle on the highway, underpowered as it may be, we shall do our best as a group to see that it goes in the right direction in the interests, we trust, of the Canadian consumer. I wish the minister well in his endeavours and I am hopeful that he will at least bring energy to his new task.

I should like to devote the rest of my remarks to a subject which I hope he and the department will take up rapidly, namely the protection of a large number of Canadian consumers from the effects of advertising. In particular, I wish to refer to a matter connected with consumer advertising which has prompted me to introduce three separate bills into this house, each one being, I would hope, a protective measure for Canadian consumers of tobacco products, specifically cigarettes.

It is a known fact that cigarette companies are spending millions of dollars every year to induce young Canadians to begin smoking, this at a time when every health department in the world is agreed that there is a link between cigarette smoking and cancer, heart troubles and related afflictions. I think a good step to further protection of the consumers would be for the new department to take up this question and see to it that until the cigarette industry can produce a safe cigarette its advertising be examined and, if necessary, regulated by the appropriate department of government.

• (5:20 p.m.)

I wish to quote briefly from a statement made by Norman Delarue, assistant professor in surgery at the University of Toronto, published in *Health* which is the organ of The Health League of Canada. He says:

> The death rates from heavy smokers are 30 to 50 times those in non-smokers and, as a recent Canadian study of the risk demonstrated, the overall death rate from lung cancer is 1,400 per cent (15 times) higher in smokers than in non-smokers...
>
> However, despite the tremendously increased frequency with which lung cancer may develop, the cigarette smoker is at still greater risk from chronic bronchitis and emphysema, both of which show an identical statistical relationship with the cigarette smoking habit.

If I may, Mr. Chairman, I would like to give another brief quotation on this subject, from the New York *Times* of Monday, August 21, last. This refers to a United States government report strengthening and extending the findings of its 1964 report on smoking and disease, and one paragraph of which reads:

> Further, the report states, the new evidence indicates that cigarette smoking is responsible for 11 million cases of chronic illness in the country, 77 million days lost from work and 306 million days of restricted activity each year.

We can get the approximate Canadian figures by taking 10 per cent of the American figures.

In brief, I think that one of the great consumer protection fields which needs attention is that in which millions of Canadians are smoking a product which is unsafe, which advertising induces them to do, advertising which is permitted and indeed carried by a public agency of the government, the C.B.C. I urge that action be taken by the new department of consumer affairs in that area. As I said earlier, I wish the minister and his supporters well in getting this new and overdue organization on the road, and we will do our best to keep it going in the right direction.

The Assistant Deputy Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Mr. Basford: I wonder, Mr. Chairman, if the hon. member would answer the question he promised he would answer. Would he not be sufficiently generous to concede that the Consumers Association of Canada came up with the idea of this new department long before the N.D.P. jumped on the bandwagon?

Mr. Mather: I would be glad to answer that. To my knowledge many of the members of the Consumers Association of Canada are N.D.P. supporters and I would suggest the idea probably germinated simultaneously in both organizations.

Mr. Turner: Mr. Chairman, I have enjoyed this day in the house listening to what I think was a good debate. I knew when I entered politics that I was not going to be

able to please everybody. Having sat here this morning and this afternoon, and having been given new responsibilities in a department which will be called the department of corporate and consumer affairs I now know it will be difficult to please anybody.

On the one hand I listened to the official opposition, with its talented array of speakers. In a philosophical way they advanced the argument that there really was no need for such a department, that it was clearly more government expense, more bureaucracy, intervention in the marketplace where this was not required because, after all, business has as its prime motive looking after consumers, because business sells to consumers. In other words they said this was a rather useless exercise but they would go along with it because there might be some useful corrolaries or accessories to it if only by way of co-ordination.

On the other hand I listened to the N.D.P. who felt that the resolution and the suggestion of legislation did not go nearly far enough, even to the extent that the hon. member for New Westminster had me running around without my pants by the time he finished his speech this afternoon. May I say that I think that in most elections we have taken them to the cleaners.

Mr. Knowles: You are topless too.

Mr. Turner: The N.D.P. seems to want a department that will intervene at any time, anywhere, for almost any reason, in any domain of the economy or any phase of our national life. The hon. member for Nanaimo-Cowichan-The Islands suggested that I ought to take up the cudgels against pollution. This of course happens to be the responsibility of a department of government, and further the responsibility is shared between federal and provincial jurisdictions. The hon. member also wanted me to take up the cudgels against automobile manufacturers. That properly falls within another portfolio, and again there is divided jurisdiction with respect to highways and automobile safety.

The whole constitutional problem never seems to enter the minds of the N.D.P., and the fact remains that any department of corporate and consumer affairs will be facing certain limitations because of divided jurisdiction. In fact probably the greater share of the responsibility for the consumer in this country lies at the provincial level, particularly with respect to the retail and distributing end of the marketplace.

[Mr. Turner.]

Then, of course, in the eyes of the N.D.P. I found myself solely responsible for the cost of living. In so far as the federal government is responsible, I suppose that is a joint and several responsibility. I think there is no doubt that the cost of living is the major concern of the Canadian people at the present time, and despite the remarks of the hon. member for Yukon and of the hon. member for Bow River we in the government have read with great seriousness the fourth annual report of the Economic Council of Canada.

I may say that we have sliced millions of dollars off our contemplated spending, and I think Canadian taxpayers should be well aware that only one third of the total tax dollar is spent by the federal government at this time and that over two thirds—and that proportion has been rising in recent years—is now being spent by provincial and municipal governments.

I think an economist of the stature of the hon. member for Nanaimo-Cowichan-The Islands is aware that the cost of living and price rises are due to other factors than government, that they depend on international economic developments, on international trade, the laws of supply and demand in the country, the shortage or the availability of capital, the extend and rapidity of growth in the country, our efforts to maintain full employment, and so on. So, flattered as I am to be singled out for attention, I want to assure him that the new department cannot in reasonable circumstances be held solely to account for these.

We again heard talk about a prices review board, but no talk about a corollary which would have to be added to that, a costs or wages review board, and no suggestion how any enforcement would be made, or where the constitutional validity for that would be, even if we were to accept the rather hesitant suggestion from the hon. member for Peace River that economic crisis might constitute a sufficient emergency within the decision of the courts so as to bring the control of prices in such a time within federal jurisdiction.

On the one hand we had the philosophical approach that suggests we do not need any government representation for the consumer at the federal level, and the other approach that the new department should virtually be a big brother to the consumers, all 20 million Canadians, in almost every aspect of national, provincial and municipal life. I want to say in answer to the opposition—

• (5:30 p.m.)

Mr. Nielsen: Would the minister permit a question at this point?

Mr. Turner: If I could clear up this point first, I would be glad to do so later. I should like to say to the hon. member, particularly, that the measure which is contemplated by the resolution is not providing for a new department in the strict sense. The present Department of the Registrar General and the agencies now grouped within it will be continued under a department with a new name, the department of corporate and consumer affairs, to which will be added two further responsibilities; first, the responsibility to co-ordinate programs for consumer affairs at the federal level, initiate new programs, and so on; second, the responsibility for representing the federal government in the area of corporate securities. That fulfils quite properly the recommendation of the Economic Council of Canada in its interim report on consumer affairs.

If the hon. member for the Yukon would look at page 25 of this report he would find the recommendation that legislation be created to provide for an administrative unit in the Department of the Registrar General whose chief concern will be the efficient administration of these provisions, namely the provisions relating to consumer affairs. This legislation provides for that administrative unit in the Department of the Registrar General who, hereafter, will be the minister of corporate and consumer affairs. The recommendation is being followed to the letter.

I should like to say to the hon. member for Yukon and the hon. member for Bow River in particular, in answer to some of their suggestions, that this department will not be a bureaucratic monster. On one occasion I said that if you want to use the vocabulary of the octopus of government, this is not a new tentacle; it is a rearrangement of the existing tentacles, and no more. It will provide for co-operation between all existing agencies of the government which are now found in other departments. It is not a centralization at this stage.

The hon. member for Yukon is right in pointing out that the Economic Council of Canada suggested that we look very carefully at the matter of which agencies should be grouped together. We have made no prejudgment concerning whether the food and drug directorate, whether the weights and measures branch of the Department of Trade and Commerce, whether any of the inspection services of the departments of agriculture and fisheries, or whether any other areas which now have proper concern over and review in respect of consumer affairs should be grouped administratively in one department.

The Assistant Deputy Chairman: Order, please. I regret to interrupt the minister, but the time allotted to him as terminated.

An hon. Member: Continue.

The Assistant Deputy Chairman: Is there unanimous consent of the house that the minister continue?

Some hon. Members: Agreed.

Mr. Turner: I am very grateful to the committee. I will attempt to summarize my remarks as quickly as I can. In other words, we will be responsible for co-ordination and initiation. Administrative centralization will be left to future judgment. This is the reason we will await the judgment of the interdepartmental committee of which my parliamentary secretary spoke, which is now in operation grouping together those departments which have an interest in consumer affairs. When we have the advice of that interdepartmental committee we will be able to determine which agencies might be best administered by the new department.

I should like to say also that this department will not involve more government spending. When I spoke on my estimates I said that this year the department would have an expenditure of $8 million, less $6 million by way of revenue in respect of patent applications, bankruptcies, incorporation applications, and so on; so, the cost to the Canadian taxpayer will be between $1.5 million and $2 million. There will be no additional cost of any significance because, as I said, aside from the hiring of certain specialists in the area of consumer affairs most of the staff is available in the various agencies of the federal government.

I should like to say to the members of the New Democratic party that as best I can within the constitutional responsibilities given to me, and with the responsibilities given to me under the legislation which will be deposited and tabled in this house, I intend to represent the demand side of the market, and equalize the market forces between consumer and investor, on the one hand, and the supply side on the other, in order to give better bargaining strength to the demand side of the market. They suggested I am not prepared to

intervene as much as I should. They recited some areas where I thought intervention would be justified and where I would be prepared, and would have the power, to intervene. These included collusion in pricing, monopolistic prices, areas where there might be deception or fraud, areas where public health or safety is concerned and areas where more education or research is needed to equalize the relationship between supply and demand. I am prepared to do that. At no time during the afternoon did they suggest where that statement was wrong or where it should be supplemented. I look forward on second reading to hearing their suggestions in that regard.

Mr. Chairman, I wish to say that on second reading I will be glad to take the house through the recommendations of the Economic Council of Canada as they affect the department of corporate and consumer affairs. I think I will be able to establish to the satisfaction of the house, when it sits as a house, that each one of the recommendations on page 19 and following has been considered and is reflected in the bill, and how it is reflected. In certain areas we have not accepted the whole breadth of the recommendations, but in many more areas we have gone beyond the recommendations. An interdepartmental committee has been set up. The department will represent the consumers' point of view; there will be sections for information and research. There will be that co-ordination, I hope, for which the Economic Council called, and so on, through the report.

The members of the house certainly will receive from me the information to which they are entitled, not only concerning the recommendations of the Economic Council of Canada, but also concerning the recommendations of the joint committee of the Senate and House of Commons of which my learned friend from Vancouver-Burrard was the co-chairman. Finally, I should like to say to the hon. member for Okanagan-Revelstoke that he need not be disturbed about my not being able to get together with my seatmate for the moment, the Minister of Agriculture. This department will not have as its purpose the displacement of any other interests. The other economic interests in this country already are represented by government departments. The farmers are represented by the Department of Agriculture; the fishermen are represented by the Department of Fisheries; the businessmen are represented by the Department of Industry and the Department of Trade and Commerce, and so on.

[Mr. Turner.]

Mr. Nielsen: Who represents the taxpayer?

Mr. Turner: As I say, this is the only department which represents the demand side of the market, particularly in having as its pertinent reference the investor and consumer. There is no question that the other interests which already are represented will in any way be displaced. In establishing a department which will have among its responsibilities that of consumer affairs, we will not be displacing other interests; we will be adding a new dimension in government to meet what we think is a public demand for new services, new information and fresh guidance. I feel that each Canadian in his capacity as a consumer is now moving forward, insisting, and demanding that his or her interest be represented by government, just as the workman, the businessman and the farmer are already represented here.

Protection of the consumer is not new in the federal government. He or she is represented already in several agencies, but the new complexities and great proliferation of products in so many areas, and in new areas, demands a new look at the policies which are necessary to protect the consumer. My parliamentary secretary recited some of the basic rights which we will recognize and which President Kennedy in his first message to Congress in 1962 related to the consumers' interest. I might say that what we are trying to achieve here by increasing ministerial authority on the one hand or ministerial responsibility on the other goes far beyond what has been accomplished in the United States. He spoke of the right of safety, the right to be informed, the right to choose and the right to be heard. I hope that this department will be responsible to the consumer, will represent the consumer and give the consumer a new voice at the ministerial level of the federal government.

Resolution reported and concurred in.

• (5:40 p.m.)

Mr. Turner thereupon moved for leave to introduce Bill No. C-161, to establish a department of corporate and consumer affairs.

Motion agreed to and bill read the first time.

Hon. J. A. MacLean (Queens): Mr. Speaker, may I suggest that consideration be now given to order of business No. 26 which is Bill S-10. We would be agreeable to deal with this if this suggestion meets with the unanimous consent of the house.

Mr. Deputy Speaker: I must remind hon. members of standing order 61A and standing order 15(4) before deciding what should be done with the private members hour.

Mr. Knowles: Mr. Speaker, in view of the fact that we have already used about 45 minutes of the allotted time I suggest we suspend private members hour for today.

Mr. Deputy Speaker: Does the house agree to the suggestion that we suspend private members hour for today?

Some hon. Members: Agreed.

CANADA CORPORATIONS ACT

AMENDMENTS RESPECTING SHARE ISSUES, BY-LAWS, ETC.

Hon. John N. Turner (Registrar General) moved the second reading of Bill No. S-10, to amend the Canada Corporations Act.

He said: Mr. Speaker, I am very grateful to the house for suspending private members hour and for allowing me to introduce this bill once again. The bill constitutes amendments to the 1934 statute, the Canada Corporations Act, which received its first major amendments in 1965. In 1965 it was necessary to bring in a few so-called housekeeping amendments. We have since found after a little more than a year of operation that the act requires a few more housekeeping amendments. There is nothing of significance or policy in this bill.

The bill has 10 clauses. Clauses 1, 2 and 9 are long overdue and have no connection at all with the 1965 amendments. Clauses 3 and 7 are required to clear away difficulties unforeseen in 1965 but which are posing major problems to the public and the department. Clauses 6 and 8 are the most important ones. They deeply affect the interpretation of the amendments made in 1965 to section 121B and 128A which were drafted separately. There was little opportunity to make the necessary and consequential amendments in order to correspond with the general interpretation section of the act.

Clauses 4, 5 and 10 are merely corrections of clerical errors or oversights that have been found over the years. After we get into committee I will be able to explain the reason for each amendment as we consider the individual clauses.

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

On clause 1—

Mr. Turner: Mr. Chairman, the purpose of this amendment is to include the Small Loans Act within the exceptions of the governing section of the act. The Small Loans Act was enacted later than 1934 so that loan companies, trust companies and so on are not affected by the Canada Corporations Act. The purpose of this amendment is in keeping with the general spirit of parliament that the Small Loans Act be treated in the same way as other acts. We want to include them under the operation of this measure.

Mr. Basford: Perhaps I may be permitted to ask the minister a question. There seems to be an undue number of house-cleaning amendments as a result of the 1965 amendments, and I am wondering whether anyone has spoken to the drafting branch in order to make sure that this sort of thing does not occur again.

Mr. Turner: Mr. Chairman, the hon. member is a lawyer and knows as well as I that not even lawyers can foresee everything.

Clause agreed to.

On clause 2—*When series to be issued.*

Mr. Turner: Clause 2 is required to cure a deficiency in the act which lumps the present availability of companies having power in letters patent or supplementary letters patent to issue series of shares at this moment. The section is so drafted that only the first series of shares can be issued under letters patent. There are many instances when letters patent apply to several types of shares and unless we put in these words "any such series", only the first series of shares would fall within the purview of the act. This amendment is intended merely to set out the situation more clearly.

Clause agreed to.

Clauses 3 to 6 inclusive agreed to.

On Clause 7—*Failure to file for two consecutive years.*

Mr. Nielsen: In respect of this clause, Mr. Chairman, there is a provision relating to the imposition of penalties against companies which fail to file an annual summary or return. I think the subsection is No. 4, if my memory serves me correctly. I am wondering about the policy of the department in the past in connection with the enforcement of this penalty, which I believe is $20 per day

for each day the default is continued, during which time the public is denied access to the disclosure document which is required to be filed and made available for inspection. When that document is not filed by a dominion company the information is not available. I assume that is the reason for the penalty. It is my understanding that this clause is not enforced by the department, although it certainly has teeth. If corporations fail to file these required returns it seems to me the law should be invoked and the penalty imposed. I am wondering what the attitude of the new Registrar General is going to be in this connection.

Mr. Turner: I agree with the hon. member. When I was the acting minister to the late Hon. Guy Favreau I asked for information about the total number of companies on record and the number in default. I was informed that as of January 23, 1967, of 15,872 federally incorporated companies there were 2,888 in default.

• (5:50 p.m.)

Mr. Knowles: Glorious private enterprise.

Mr. Turner: I have asked for a complete review of this situation. As the hon. member for Yukon knows, we are also examining the whole of the disclosure provisions of the Canada Corporations Act. I hope by late spring to have a general amendment to the whole of the disclosure provisions. This is one of the elements of the legislation that will be tightened up, I can assure the hon. member.

Mr. Nielsen: Mr. Chairman, I would refer the minister to section 125 of the act. I appreciate the good intentions of the minister, but the law is there now; it does not need any tightening up. Section 125 (4) of the act provides as follows:

> Where a company makes default in complying with any requirement of this section, it is liable to a fine not exceeding twenty dollars for every day during which the default continues, and every director and officer of the company who knowingly and wilfully authorizes or permits the default is liable to the like penalty, and such fines may be recoverable on summary conviction.

I believe that the stipulations set forth in section 125 of the act are there so that the public can be informed of at least the fundamental structure of the company. This is a document that is publicly displayed so that those dealing with corporations incorporated under the act will at least know the names of the directors, the manner in which the company is incorporated, whether it is a company in good standing, and like information. In my submission, Mr. Chairman, there need be no tightening up of the law, because the law is there now. All that is required is that it should be followed up by one of the officials in the department whose responsibility it is, and must have been for several years, to do so.

It is surely a simple matter to diary-date the due dates of these returns and red flag those that do not send in the annual returns on the due date. If they are not submitted, the company should be written to and told —as a matter of courtesy they are entitled to a warning—that if the return is not completed within a week, proceedings will be commenced against them. I know, and the minister knows, that for years some corporations have been negligent in this respect. This is one of the reasons I am delighted to see that the amendment stipulates a period of two years. But they can still go back two years without having this section come into operation. However, subsection (4) of section 125 provides for a penalty to be imposed in the case of companies that fail to file a return on the due date.

Mr. Turner: Mr. Chairman, the hon. member probably already knows this, but I have been advised by my officials that of these defaulters by far the greater majority of the companies are no longer operating. They become mere shells. Of course, if they were operating they would have to file returns in order to stay in business. But they are not operating. The directors are spread all over the place. The advice I have been given—and I am looking into this matter—is that it would cost the Canadian taxpayers far more to prosecute people all across the country connected with dead corporate shells, which are no longer dealing with the public or anybody else, than the revenues obtained from such prosecutions.

I have asked that the entire enforcement sections of the act that are linked with the disclosure areas be rationalized, if I may use that term. I can assure the hon. member that in by far the greater majority of these cases the public would have little interest in disclosure, since the companies have gone out of business. They have failed to surrender their charters. If they have charters they would of course have to bring themselves up to date.

Mr. Nielsen: There must be several of the kind of operation the minister describes. I am glad to hear him say that he is looking into

the information with which he has been supplied, to the effect that many of these companies are mere shells and are no longer operating, because it is my belief that this is an assumption that has been made simply because the companies in question have not filed annual returns.

I know that upon occasion, on communicating with the branch in Ottawa and inquiring when the last annual return of a particular company was filed, the answer given has been that it was six, seven, or eight years ago. This is simply because there has been a failure in the follow-up procedure. If the government is in need of money, here is a provision that could be invoked to bring substantial revenues to the treasury. If one multiplies 2,800 companies by $20 a day for each day in default, and considers also that each director is liable to pay a fine on summary conviction if this is not done, one sees that a great deal of money is involved. There is no excuse for the government not enforcing this section, and I am very glad to hear the minister say that he is personally looking into its enforcement.

Clause agreed to.

Clauses 8, 9 and 10 agreed to.

Title agreed to.

Bill reported.

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

Mr. Knowles: Now, by leave.

Mr. Turner moved the third reading of the bill.

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

Mr. Knowles: Hurrah. We have got something through.

Mr. Turner: Mr. Speaker, I want to thank the house very much for its courtesy.

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

HOUSE OF COMMONS

Monday, October 16, 1967

The house met at 2.30 p.m.

MIGRATORY BIRDS CONVENTION ACT

AMENDMENTS REMOVING RESTRICTIONS ON INDIANS AND ESKIMOS

Mr. R. J. Orange (Northwest Territories) moved the first reading of Bill No. C-162, to amend the Migratory Birds Convention Act.

He said: Mr. Speaker, the purpose of this bill is to remove the prohibition which now prevents the Indian and Eskimo people of Canada from shooting migratory birds for food. It is submitted that the Indian and Eskimo people must be provided with an opportunity to maintain their ways and their culture. Similarly there must be safeguards for their particular status in Canada, which includes historically the right to hunt with impunity. The purpose of this bill therefore is to preserve for them their heritage as envisaged by earlier treaties and agreements.

Motion agreed to and bill read the first time.

EXTERNAL AFFAIRS

REFERENCE OF DEPARTMENTAL REPORT TO STANDING COMMITTEE

On the order: Government notices of motion:

October 13—The Secretary of State for External Affairs—the following proposed motion:—That the report of the Department of External Affairs tabled on March 21, 1967, be referred to the standing committee on external affairs.

Hon. R. A. Bell (Carleton): Mr. Speaker, my understanding, last Friday, was that by unanimous consent this motion would be presented this day and adopted without debate.

Hon. Paul Martin (Secretary of State for External Affairs): That would be very acceptable.

Mr. Speaker: Is the minister prepared to make the motion now?

Mr. Martin (Essex East) moved:

That the report of the Department of External Affairs tabled on March 21, 1967, be referred to the standing committee on external affairs.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PRESENTATIONS TO CENTENARIANS

Question No. 368—**Mr. Simpson:**

1. How many centenarians were presented with scrolls or plaques in respect to Canada's centennial year?

2. How many were so presented in each province?

3. As a result of these presentations, who was found to be the oldest person in Canada?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the centennial commission as follows: 1. 618. An additional 37 were submitted to members of parliament for family presentation as the persons concerned had died after January 1, 1967.

2. Newfoundland, 9; P.E.I., 10; Nova Scotia, 47; New Brunswick, 24; Quebec, 97; Ontario, 241; Manitoba, 37; Saskatchewan, 37; Alberta, 42; British Columbia 74; total, 618.

3. Mrs. Catherine Moreside, North Milton, Prince Edward Island. Born—January 22, 1859—Age 108 years.

VISITORS TO CENTENNIAL CARAVANS IN QUEBEC

Question No. 372—**Mr. Isabelle:**

By September 15, 1967, how many visitors had viewed the centennial caravans that travelled across the province of Quebec?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the centennial commission as follows:

Caravans 2 and 3 recorded 1,906,952 viewers in the province of Quebec to September 15, 1967.

These were the first caravans in Canada to exceed one million visitors.

[*English*]

NAVIGATION STUDIES, SASKATCHEWAN RIVER

Question No. 379—**Mr. Stefanson:**

1. Has the federal government carried out surveys of the Saskatchewan river to determine if navigation is feasible and, if so, when were these surveys conducted and by whom?

Questions

2. If surveys were conducted, were these carried out in detail, giving estimated cost of project, depth of channel, type of equipment required, type of freight available and estimated freight rates, and what were the figures and reports for each of these items?

3. Are there comprehensive reports available covering the findings and recommendations for these surveys?

Hon. G. J. McIlraith (Minister of Public Works): 1. Yes. See the answer to question 1693 in *Hansard* for August 29, 1966, at page 7751.

2. The review carried out in 1961 by the Department of Public Works was in sufficient detail to show that capital and operational costs would be many times any potential benefits foreseen from the proposal.

3. No.

DELEGATION OF POWER BY PUBLIC SERVICE COMMISSION

Question No. 393—**Mr. Bell (Carleton):**

1. Has the Public Service Commission delegated to any deputy head the authority to perform any of the powers, functions or duties of the commission?

2. If so (a) to what deputy heads (b) in respect of what positions (c) what terms and conditions were attached to each such delegation (d) what appointments have been made pursuant to such delegations?

3. Have one or more persons under the jurisdiction of any deputy head been authorized by the commission to exercise and perform any of the powers, functions or duties that a deputy head has been authorized by the commission to exercise and perform?

4. If so (a) what deputy head has jurisdiction (b) what is the name and position or title of each such person so authorized (c) what appointments have been made pursuant to such sub-delegation?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Public Service Commission as follows: 1. No delegation of authority to deputy heads has been made to date by the Public Service Commission under section 6 of the Public Service Employment Act.

2, 3, and 4. Not applicable.

BROADCASTING STATIONS OPERATING UNDER SECTION 14 (1) OF ACT

Question No. 397—**Mr. Grégoire:**

1. Are any radio and television stations operated in Canada in accordance with the provisions of section 14 (1) of the Broadcasting Act?

2. If so (a) which stations are they (b) what orders in council have been made concerning these stations and when were they issued?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1 and 2. Four licensee companies do not comply with section 14 (1) of the Broadcasting Act and they have been exempted from the operation of section 14 of the Broadcasting Act by order in council.

These companies are:

Name	Date of order in council
Canadian Marconi Company	August 18, 1959
Western Ontario Broadcasting Company Limited	February 16, 1961
Central Ontario Television Limited	October 17, 1963
Télévision de Québec (Canada) Limitée	February 18, 1965

CENTENNIAL CO-ORDINATOR, PRINCE EDWARD ISLAND

Question No. 403—**Mr. McQuaid:**

1. Was a centennial co-ordinator appointed for the province of Prince Edward Island?

2. If so (a) who was the appointee (b) what is his annual salary (c) are travelling expenses payable in addition to salary (d) what is the total amount of travelling expenses paid to date?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the centennial commission as follows: 1. Yes.

2. (a) Mr. G. A. (Addie) McDonald, 40 Brighton Road, Charlottetown, P.E.I., was appointed as regional officer, Prince Edward Island. (b) His annual salary is $10,168. (c) Travelling expenses are in addition to annual salary and are in accordance with government travel regulations. (d) The total amount of travelling expenses to date is $1,897.18.

*C.B.C. COVERAGE OF PROGRESSIVE CONSERVATIVE CONVENTION

Question No. 405—**Mr. Irvine:**

1. What was the total number of C.B.C. personnel detailed to cover the recent Progressive Conservative convention in Toronto?

2. What was the total cost of this public information service?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I am informed by the C.B.C. as follows: 1. The total number of C.B.C. personnel detailed to cover the recent Progressive Conservative convention in Toronto was 183. This was for the coverage of the news events on all four networks, English and French, radio and television.

2. The total direct cost of this combined four network coverage was approximately $46,600.

DAMASCUS STEEL PRODUCTS—REQUEST FOR INQUIRY

Question No. 415—**Mr. Caouette:**

1. Has the Registrar General received a petition from shareholders of Damascus Steel Products Ltd. accusing the Manitoba development fund of fraudulent transactions and, if so, has he ordered an inquiry.

2. Has the minister received the report of the superintendent of bankruptcy?

Hon. John N. Turner (Registrar General): 1. Yes. There was no investigation, however, by the superintendent of bankruptcy because Damascus Steel Products Ltd. is not in bankruptcy.

2. The report of the superintendent of bankruptcy was to the effect that Damascus Steel Products Ltd. was not in bankruptcy and the petition made by the shareholders of Damascus Steel Products Ltd. was referred back to the Department of Justice to whom the request had originally been made.

QUEBEC SUBSIDIARY OF POLYMER CORPORATION

Question No. 419—**Mr. Caouette:**

Does Polymer Corporation intend to establish in Quebec a subsidiary or production division to promote the economic development of Quebec?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): In so far as Polymer Corporation is concerned: The corporation does not have any current plans to establish a subsidiary or production division in Quebec.

[*English*]

CANADIAN FILM DEVELOPMENT FUND

Question No. 424—**Mr. Brand:**

1. Has the government received any applications for moneys available under the Canadian film development fund?

2. Have any projects been approved and, if so, what are they and how many have been approved?

3. If no money has been distributed, for what reason?

Hon. Judy V. LaMarsh (Secretary of State): 1. No.

2. No.

3. Moneys can only be made available from the Canadian film development fund by authority of the corporation which is provided for in the legislation. The corporation is not yet set up and operating.

PRINCE EDWARD ISLAND CAUSEWAY

Question No. 443—**Mr. Macquarrie:**

1. When did Colonel Edward Churchill commence his duties in connection with the Northumberland crossing project?

2. Has a new design for the crossing been approved by the government?

3. When is it expected that tenders will be called for any portions of the project other than the approach highways in New Brunswick and Prince Edward Island?

Hon. G. J. McIlraith (Minister of Public Works): 1. Colonel Churchill began research on the Northumberland strait crossing project early in June while concluding his duties with Expo '67; however, the formal appointment with the project is as of August 1, 1967.

2. No.

3. Pending completion of the review and study now being carried out it is impossible to give the date when tenders will be called for portions of the project other than the approach highways and necessary highway interchanges.

ARMED FORCES PERSONNEL

Question No. 456—**Mr. Dinsdale:**

1. What has been the total number of military personnel in Canada's armed forces each year since 1963?

2. What has been the total number of civilian personnel employed by Canada's armed forces each year since 1963?

Hon. Léo Cadieux (Minister of National Defence): As at March 31

1963	(1) 123,694	(2)* 48,590
1964	120,781	47,690
1965	114,164	44,562
1966	107,467	44,492
1967	105,584	43,187

*These figures include Defence Research Board and casual employees.

HIGHWAY CONSTRUCTION, CARIBOU ISLAND, N.S.

Question No. 466—**Mr. MacEwan:**

1. What work will be carried out as a result of the following tender call by the Department of Public Works—"Tender for highway construction, Caribou Island, Pictou county, N.S."?

2. What are the names of the various tenderers and the amounts of the tenders?

3. To whom will the contract be awarded?

Hon. G. J. McIlraith (Minister of Public Works): 1. The construction of .80 of a mile

of access road to the Caribou island light station, consisting of grading, the placing of culverts and the application of the base course.

2. Colin R. MacDonald, Antigonish, N.S., $13,447; Alvin MacCabe, Westville, N.S., $18,843.16; R. A. Douglas Ltd., New Glasgow, N.S., $18,956; Northern Construction Ltd., Pictou, N.S., $19,644.24; M. & M. Construction, Stellarton, N.S., $20,352.03; Tidewater Construction, New Glasgow, N.S., $22,486.

3. The tenders are still under evaluation.

INDUSTRY

CLOSING OF NOVA SCOTIA STEEL PLANT—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I ask leave, under the provisions of standing order 26, to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, namely:

The national emergency created by the announced intention of Dominion Steel and Coal Corporation to commence, in the immediate future, steps leading to the closure of its steel mill at Sydney, Nova Scotia by April 30 next; the said emergency arising not only with respect to the future of some 10,000 people, being the employees and their families immediately affected, but also with respect to the survival of the entire industrial community of Cape Breton consisting of some 105,000 people, and to the economic disaster threatened to the whole Atlantic region, as well as with respect to the urgent need for the government of Canada, in co-operation with the government of Nova Scotia and the local governments concerned to work out solutions to protect the interests of these peoples and areas mentioned.

The said motion if allowed will be seconded by the hon. member for Cape Breton North and Victoria (Mr. Muir).

Mr. Speaker: Order, please. Perhaps I should bring to the attention of hon. members the fact that earlier today the hon. member for Cape Breton South very kindly gave me notice of his intention to move this motion. I should add that the member for Winnipeg North Centre (Mr. Knowles) gave me similar notice. This gave me an opportunity to study the matter. After much thought and consideration I am strongly inclined to the view that this is the type of matter which falls within the purview of standing order 26. Unless there are objections from the house at this time I am prepared to put the motion and allow the hon. member for Cape Breton South and other hon. members to take part in the discussion on the hon. member's motion. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Mr. MacInnis (Cape Breton South), seconded by Mr. Muir (Cape Breton North and Victoria), moves that this house do now adjourn.

Mr. MacInnis (Cape Breton South): Mr. Speaker, may I first express my appreciation to you, to all hon. members of the house and to the government especially for the deep concern shown over this problem which has arisen practically overnight in Cape Breton.

To fully understand the impact of the announcement made on Friday by Dosco in respect of the operation of the Sydney steel plant one would necessarily have to understand the geography and make-up of that particular area of the country. The city of Sydney itself is entirely dependent on this steel operation. Sydney might be referred to as a one industry town. The announcement by Dosco, coming at this time, is a blow which that community, the surrounding communities and in fact the province of Nova Scotia cannot withstand. Such an announcement by Dosco is in effect undermining efforts made in this house recently by hon. members when the government saw fit to set up the Cape Breton Development Corporation. At that time we were dealing with a subsidiary of Dosco, and it was found necessary to take action in order to preserve the coal mines until alternative work could be provided for the men employed in that industry.

The efforts made in establishing that crown corporation were severely undermined by the announced intention of Dosco to withdraw from the steel business. I would say here and now that a blow such as this certainly undermines all the efforts that have been made in the past by members of this house and by the federal government in establishing other agencies to uplift the economy of that part of the country, and indeed the economy of the whole country. I would again refer in this connection to the Cape Breton Development Corporation. I would also refer to ARDA, the Atlantic Development Board, and at the provincial level Nova Scotia Industrial Estates Limited. All these agencies have been struggling to uplift the economy of the area in order that we may reach the level of prosperity enjoyed in other parts of Canada. A blow such as the one with which we are faced nullifies all the efforts that may be or may have been made by these agencies. Each and every member of this house has taken part in

one way or another in bringing about these agencies in order to arrive at the solutions desired by the people of Cape Breton in particular and the people of Nova Scotia in general.

With respect to Dosco, I want all hon. members to fully understand that the steel operation is separate and apart from the coal operation. I think we have dealt fairly conclusively with the problems faced by this subsidiary of Dosco. We dealt with them fairly conclusively when the Cape Breton Development Corporation was set up. During the whole of the time the economy of Cape Breton was discussed, the Sydney steel plant came in for considerable discussion.

Dosco has announced its intention of establishing a fully integrated steel mill at Contrecoeur, Quebec. This, of course, has always been a source of concern to the people of Cape Breton. We have always been assured by Dosco that this was going to provide the lifeblood of the Sydney plant, that the Sydney plant would supply the basic steel needed and that it would survive despite all the drawbacks with which it seemed to be faced. In all probability we did not look to further developments with any great anticipation, but we were assured by Dosco time and time again that basic steel would continue to be produced at Sydney. Now Dosco has come forward with its announced intention to close the plant on April 30 next, despite the fact that as early as last spring the company saw fit to sign an agreement with the Nova Scotia government under which it would borrow $4 million and would spend $4 million over the next four years to update its equipment at Sydney.

• (2:50 p.m.)

As a result of Dosco's decision to close the plant, cutbacks will have to be made within the next few weeks and certainly within the next month or so. This reminds me of the considerable amount of discussion which took place last summer on the drastic cutbacks in the work force at Sydney. At that time Dosco held out hopes that this was only a temporary condition, and that things would pick up. I remember reading with some delight —but now when I look back on it I am quite shocked—the announcements Dosco made every time they found it necessary to call 20 or 30 men back to work. They took advantage of this and gave it every bit of favourable publicity they could, thereby raising the hopes of the Sydney steelworkers that the situation would improve once again.

I am quite sure both the hon. member for Cape Breton North and Victoria (Mr. Muir) and the Minister of National Health and Welfare (Mr. MacEachen) were equally delighted at the announcements that the Sydney plant was taking back 30 steelworkers one week and 20 workers the next week and so forth, and that the work force which was laid off early in the summer was being rehired. Now they have dropped this bomb despite, as I said, the fact that they recently signed an agreement with the Nova Scotia government to spend over $4 million in the next four years. In addition the company saw fit to take part in and pay part of the cost of a recent study, the findings of which they concurred in, to enable this operation to continue.

One of the reasons Dosco gave for closing the plant is high freight rates. Let me point out that during the discussions which no doubt will follow Dosco's decision, the federal government will take a close look at the freight rate structure and will adopt any reasonable measures to alleviate the situation which has now developed. Dosco has also referred to the cost of importing European steel. I might say that this is a poor foundation on which to base its decision to close down the operation at Sydney which will affect over 100,000 people to whom Dosco is morally obligated. Yet the company considers the fact that today it can buy European steel for less is a good and sound foundation for the decision it has reached. European steel may be cheaper today, but what about tomorrow or next month? Can Dosco make such a decision based on the present price of European steel? I do not think it can, yet this is the argument the company puts forward as a reason for its decision. The present cost of European steel is not only a source of annoyance to the people of Sydney but also to the people of the United States. I have here a copy of a recent article referring to this very matter of the price of imported steel. It indicates that there is at present before the United States congress a bill to provide protection against this type of import, which is fast gaining popularity among the representatives of the United States government. For the benefit of the house I should like to read part of this article which appeared in the *Financial Times:*

> The U.S. steel lobby has succeeded in convincing a large group of usually free trade minded senators to sponsor and support new legislation aimed at retaliation against foreign countries which discriminate against U.S. steel exports.
>
> The bill, expected to be introduced in the Senate within the next few days, already has the support of 20 per cent of the upper house, and is given "an

even chance" for passage. Protectionist measures generally find this level of initial support only in the more conservative House of Representatives. The Senate traditionally backs measures aimed at promoting freer international trade.

The bill would give the president 180 days to negotiate bilateral and multilateral international agreements under which other countries would "voluntarily" restrict steel exports to the U.S. to levels no higher than their average share of the U.S. market during the 1964-1966 period. The bill, in effect, would freeze total U.S. steel imports to about 9.5 per cent of total American steel consumption.

If the U.S. failed to negotiate such "voluntary" agreements within the 180 day period, automatic, congressionally imposed quotas would freeze imports at 7 per cent of the 1964-1966 consumption level.

The bill is aimed at halting the growing inroads of imported steel in the U.S. Imports, which accounted for 4.7 per cent of U.S. steel consumption in 1961, accounted for 10.9 per cent of all steel sold in the U.S. last year, and the level had climbed to 11.5 per cent through the first eight months of 1967. Meanwhile, U.S. steel exports have dropped more than 15.4 per cent over the same period. American steel exports in 1966 came to $537 million, compared with total steel imports of $1.2 billion.

The U.S. steel industry contends that non-tariff discrimination is the basis for the domestic industry's inability to compete in foreign markets. A flat 6 per cent to 7 per cent duty is imposed on all steel imports into the U.S. The duty is levied on the wholesale value of the steel at the point of shipment and is not levied on the freight and insurance costs, which can add as much as 13 per cent to the value of the landed steel.

The article indicates the protectionist measures taken by all governments throughout the world, including West Germany, Italy and Britain, in order to protect their steel industries.

This afternoon it is not my intention to criticize the company policy which led to this announcement. It is my hope that members of this house, in the light of what they have done in the past by way of establishing different government agencies to assist the economies of different regions in this country, will see fit to apply their energies to finding a solution to this problem. When I refer to all members applying their energies to this problem, I am quite sure I am speaking fairly and honestly, because I believe all members in all parties are vitally concerned with this particular problem. Unless something is done to find a fair solution, then the efforts of members in the past in setting up these other agencies will have been wasted.

It would have been an ideal situation if these other agencies such as ARDA, the Atlantic Development Corporation, the Nova Scotia Industrial Estates and other agencies could have provided 3,000 jobs in industrial

Cape Breton. This would equal the number of jobs that Dosco say they are going to eliminate. In other words the efforts that have been made here in the past, as well as those made by the Nova Scotia government, will mean nothing whatever if the announced intention of Dosco is allowed to be carried on without definite action on the part of federal, provincial and municipal governments to offset the effects of this shocking move.

• (3:00 p.m.)

It bears repeating that through the last number of years Dosco have consistently implied that operations at the Sydney steel plant would continue. I submit that this latest event is an indication that Dosco was not bargaining in good faith when they recently made an agreement with the Nova Scotia government and supported the recommendations of the study that was made. If such is the case, there is no doubt that this question will be given a thorough airing during the next few weeks at a follow-up meeting of the municipal, provincial and federal governments.

What I am trying to impress on the house, Mr. Speaker, is the need for a discussion of the question to be undertaken immediately. Six months is a very short time in the life of a city, and the Sydney steel plant operation is the lifeblood of the area. Within the very near future, and by that I mean during the next week or so, men in the area will begin to suffer as Dosco starts to make cut-backs. The company cannot be expected to carry on at its present level of production until April 30 next and then just cut it off completely. Steel workers in Sydney over the next few weeks, and possibly even over the next few days, will be faced with lay-off notices. Therefore it is imperative that governments at all three levels get together as quickly as possible and arrive at some decision which will avoid this drastic cut in operations.

I notice with some degree of resentment that the Hawker Siddeley group in London are not participating in any further meetings, and will not in fact make any statement about this decision; they are leaving this to their Montreal office. I cannot believe that Canadians involved in an operation like this made this decision, Mr. Speaker. These are the men who have been negotiating—we hope in good faith—over a period of years. They have been making statements about the continued life of this operation at Sydney. Therefore I cannot believe that the decision to cut off that steel operation has been made by the gentlemen in Montreal. I cannot help but think that they have been directed by

their parent body, the Hawker Siddeley people; and this group having so directed the people in Montreal, they now sit back and refuse to comment or take part in public meetings in order to fully discuss the matter. The president and the others involved at Montreal have, I think, been placed in an impossible situation here because the parent company having made this decision, they are the ones who will have to live with it. I am sure these people participated in good faith in the negotiations that have taken place, but they are now saddled with a decision which has been made elsewhere and, as I say, with which they will have to live.

I also feel sorry, Mr. Speaker, for the local management. It is not often that I stand in this house and say I feel sorry in any way for management, but I do know the local manager at the Sydney steel plant, and as late as this summer he had reason to be enthusiastic about the prospects of the Sydney steel operation. He was visited at that time by one of the directors of Hawker Siddeley in England, who was quite surprised and elated by what he found at Dosco. This director from England had no idea that they had such an establishment, and he held out great hopes for the plant. Naturally the local manager of the plant was somewhat enthusiastic about this, and he no doubt passed on this feeling to other people in the community. Now this man along with the steel workers under him are faced with this decision, which is going to mean the elimination of this industry.

Once again, Mr. Speaker, may I impress upon each and every member of the house what this closure will mean to the people of Sydney. There are 3,000 workers involved. As I have said, Sydney is a one industry town. It is also the commercial centre of Cape Breton island. Without the steel operation at Sydney the residents of the city and those in the surrounding areas will be faced with the insurmountable task of maintaining the services and upholding the economy of the community. This is a great blow to Sydney, and the only comparison I can think of would be if the seat of government were relocated elsewhere than in Ottawa. In essence, Mr. Speaker, this is what the steel plant closure means to Sydney. Perhaps hon. members can also relate this situation to the largest employer in their own home ridings deciding suddenly to pull out.

The decision to close the plant is a blow which not only affects the steel workers and their families but affects each and every man, woman and child in the area, those in the surrounding towns, the island of Cape Breton and in eastern Nova Scotia. It is therefore my hope that every member of this house, as has been the case previously in regard to other agencies that have been set up, will lend his energy and co-operation to this government in trying to arrive at a solution to the problems facing the municipalities and the province of Nova Scotia, a solution which is desired by all.

May I again express my thanks to you, sir, and to the government for considering this matter an emergency, one which I am quite sure everybody at all levels will do their utmost to solve.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in participating in this debate may I say I rise primarily because the leader of our party, who so often in the past has spoken on this question, as he did when we were discussing the legislation establishing the Cape Breton Development Corporation a few months ago, is unable to be here, weather conditions having delayed the arrival of the plane in which he was travelling to Ottawa.

I join with the hon. member who opened the debate for the official opposition in expressing the shock and dismay of, I am sure, every member in this house at the tremendous blow that has befallen the island of Cape Breton and, indeed, the whole of the province of Nova Scotia as a result of the announcement by the chairman of the Hawker Siddeley company that the steel mills at Sydney will be closed in April of next year.

This is the kind of announcement, Mr. Speaker, which in earlier years people in the South American countries were accustomed to hearing from absentee landlords, and which led to revolutions in those countries. It is the kind of announcement which people in our kind of economy have come to expect that business should have learned not to make. Nobody questions the difficult situation in which the company finds itself, Mr. Speaker, but the fact is that this company has discussed its coal operations and its steel operations with the government for months, indeed for years. As the premier of Nova Scotia said the other day, it is only a few months ago that this company received, through the Atlantic Development Board and the province of Nova Scotia, a loan of some $4 million to improve its dockage facilities so that operations at the Sydney steel mill might be more efficient and able to meet competition. The

company, in following that kind of arrangement which means the virtual economic strangulation of a whole community, will have to explain its actions first to the people of Sydney and then to the people of all Canada.

• (3:10 p.m.)

Yet we should not be surprised by what has happened. Hon. members may remember that in June of this year when we were discussing the establishment of the Cape Breton Development Corporation the Minister of Energy, Mines and Resources, in introducing the bill, said as reported on page 1553 of *Hansard* for June 15:

> The coal problem in Cape Breton is essentially a social problem. It is because of its concern for the welfare of individuals and collectivities, and not for the welfare of companies, that the government intends to subsidize the regional economy so that it may evolve from a state of subjection to a declining natural resource toward a more wholesome economics situation.

Speaking for our party our deputy leader, the hon. member for York South (Mr. Lewis) suggested that the government had dealt with only half the problem. He said the development corporation, in addition to the responsibility for managing the Cape Breton coal industry, ought to take over management of the steel industry of that area. Our leader, in that debate, predicted that if that were not done, parliament would be dealing with another proposal for steel, similar to the one then before it, within ten years. He was a poor prophet. The period that has elapsed is not ten years; it is only four months.

In that debate we suggested that a solution to the problems of Cape Breton were to be found through a publicly owned corporation which would manage the coal and steel industries, and the resources, of the area. Now we are faced with the company's disastrous announcement.

What was the reaction of the government to our initial proposal? Reacting sharply to the proposal of the hon. member for York South the Minister of National Health and Welfare, as reported on page 1578 of *Hansard* for June 15, said this:

> —there is no likelihood that a take-over of the steel industry by a public corporation would command much support at the present time.

Is the minister prepared to repeat in the house today that a publicly owned corporation would command little support? Without a publicly owned corporation the problems of the area will remain without solution. Here we have a company which has demonstrated

[Mr. Orlikow.]

that it is not prepared to take the drastic steps necessary to modernize its plant; it is not prepared to take that action which will assure the steel workers of Cape Breton that they will have jobs in the years ahead.

What is the alternative to a publicly owned corporation? Here we have a company which has made hundreds of millions of dollars in the 50-odd years that it has operated in Nova Scotia. The public of Canada has probably paid something like $200 million in the way of subventions to keep it going. Here is a company which, only a few months after announcing that it would modernize its facilities, suddenly says that in the next five or six months 3,000 people or more will be thrown out of work. If ever there was an example of corporate irresponsibility greater than that we have now witnessed, I should like to see it. In our time we have never seen that kind of cold blooded economic murder perpetrated by any company in this country.

In June, after saying that only a publicly owned corporation to embrace the steel industry of Cape Breton would provide long range solutions, we moved an amendment in which we spelled out the expanded powers required of such a development corporation. Our amendment would have empowered the corporation, should the economic welfare of the region require it, to enter fields of activity other than coal. What did the Minister of National Health and Welfare do? He argued that our amendment was wrong in principle and out of order; that the corporation would not be given the authority we suggested it ought to have, that it did not need it and did not want it.

The spokesman of the official opposition impressed me. He said that laying off more than 3,000 workers in the Sydney steel mills, apart from the immediate effect on the individual worker, will make it difficult for the city to maintain essential municipal services. But while that spokesman urged the government to give serious and sympathetic consideration to the problems of the area, I was struck by his failure to make one concrete suggestion about what ought to be done.

Our party thinks two steps ought to be taken, and they ought to be taken together. First, the steel industry of Cape Breton must be taken over by the government, I suggest by the federal and provincial governments in co-operation. The industry must be run by a publicly owned corporation. I know that some members in this house are not enthusiastic about public ownership and will only agree to

it when there is no alternative. Here, I suggest, there is no alternative. The company which is at present operating in Sydney has demonstrated over the years that it has no will to turn the industry into a viable, living, efficient operation able to meet the needs of the market and provide jobs for the steel workers of Sydney.

As I said, earlier, the first step must be to set up a publicly owned corporation. The second step—and had this suggestion been followed some years ago there might be no need for the government to take steps that some outside our group are not enthusiastic about—is to bring about a positive and rapid modernization of the steel facilities at Sydney. Without that, Mr. Speaker, this plant cannot continue. It cannot exist otherwise without large scale and permanent subsidies, which I am sure none of us would want.

• (3:20 p.m.)

The need for modernization and diversification is not something new. The government of Canada, the government of Nova Scotia and the owners of the industry have been aware of this need. Representatives of the steelworkers union have for a long time advocated modernization and diversification. In 1966 a brief prepared by Harry J. Waisglass, research director of the United Steelworkers of America, and by Father Andrew Hogan, assistant professor in the department of social sciences at St. Francis Xavier University, was presented to the Atlantic Development Board. It included extracts from a brief presented in 1951 by the president of the local union of the steel workers in Sydney, in which he said:

> It is our contention that if Nova Scotia is going to develop as a part of Canada, the rated capacity of the Sydney steel plant must be greatly increased and the products diversified.

That did not take place. From 1944 to 1964 the increase in steel production at the Dosco operation was only 33 per cent compared with an increase for Canada as a whole of 170 per cent. During that period employment at the Sydney operation declined from more than 5,000 hourly rated workers to some 3,200; and not only did the number of workers decline but the wages of the Sydney workers dropped, until now they are virtually the lowest paid steel workers in Canada or the United States.

Over the past few years Canada has become a net exporter of steel, but Nova Scotia failed to participate in the production growth of other Canadian rolling mills. In contrast with expansion by the rest of the industry, the Sydney mill has been in a state of virtual stagnation, and now the company has announced that it will be closed up almost completely. I suggest to you, Mr. Speaker, that no government in Canada can permit this economic murder to go unchallenged. I do not care which government is involved; neither the Liberal federal government nor the Conservative provincial government can allow a group of company officials to write off, with the stroke of a pen, 3,000 steel workers and almost 10,000 coal miners.

A number of concrete proposals were made in the brief to which I have referred, prepared by Mr. Waisglass and Father Hogan. They suggested with respect to the Sydney plant:

> At comparatively low capital cost, by making the necessary modifications and alterations to its rail mill and by the purchase of rolls, it can obtain production capacity for small and medium sized structurals in popular demand.

They also suggested:

> The competitive position of the Sydney steel works on a diversified product range, including plate and rolled structurals, can be strengthened considerably by the removal of the U.S. tariffs on Canadian steel.

Some of us question some of the details, but we have had a pretty satisfactory experience as a result of the United States-Canada auto parts agreement. I can see no reason why before this, and even at this late date, the federal government could not discuss with the United States government the possibility of tariff revisions and even the wiping out of tariffs in the steel industry, something which would open up the New England markets to the Sydney steel mill. If that were done it would immediately change the competitive position of the Sydney plant. It would give it an opportunity to bid for markets in an area close at hand, rather than in the areas of central Canada where, because of shipping costs, it cannot compete with Algoma. Mr. Waisglass and Father Hogan said in support of this idea:

> We recommend that the Atlantic Development Board promote collaboration between the Nova Scotia government and the dominion government in the conduct of studies on the feasibility of free trade arrangements between the U.S. and Canada in the steel industry.

They pointed out that:

> Nova Scotia's steel industry has been excluded by high transportation costs from the Canadian markets in which steel consumption and production growth are concentrated, and by tariffs from its natural geographical markets.

They also suggested:

> Furthermore, it is urged that the A.D.B. join with the government of Nova Scotia in requesting the Economic Council of Canada to prepare a plan for the long term growth of the Canadian primary iron and steel industry, which would indicate the nature and extent of regional participation in such growth—

All parties in this house have expressed themselves as supporting the idea of regional development. As I have said on many other occasions, I do not believe that what we want in this country is a wealthy Toronto and a wealthy Montreal with the residents of all other areas being second class citizens. I believe citizens in all parts of Canada have a right to a decent living. In concrete terms this means that an industry such as the steel industry on Cape Breton must be given the opportunity to produce, must be given the opportunity to employ its workers at decent wages.

In closing, Mr. Speaker, I repeat that the government of Canada cannot permit the arrogant announcement by the owners of Dosco to go unchallenged. The government of Canada, in co-operation with the government of Nova Scotia, the municipalities and the steelworkers union, must come up with a plan which will ensure the continuation of the plant on an efficient basis to meet the needs of the area and the needs of the people. This, as I say, will mean two major decisions on the part of the governments involved. The first is a decision to move immediately toward rapid modernization of the plant so it can compete efficiently with other steel producers. The second decision is that this can be done only by a publicly owned corporation.

In the light of the week end announcement by the owners of Dosco I very much want to hear from the Minister of National Health and Welfare, the main government spokesman when the legislation establishing the Cape Breton Development Corporation was being discussed. On that occasion he quickly and definitely rejected our proposal to establish a publicly owned corporation. I await with a great deal of interest his alternative to our very clear and specific proposal, which we think is the only method to solve the problem of the Sydney steel mill. The people of the country are also waiting to hear from that minister.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, the immediate events leading to today's debate are now well known. It would be wrong to say that the difficulties of the steel industry in Cape Breton were unknown to governments, federal and provincial, but the sudden announcement by Hawker Siddeley and Dosco has come as a surprise to everybody, including Mr. Stanfield, the new leader of the Conservative party, formerly the premier of the province of Nova Scotia.

• (3:30 p.m.)

These gentlemen—the president of Hawker Siddeley of London, the president of Hawker Siddeley of Canada and the president of Dosco—came to see a group of ministers last Thursday, not to discuss the decision but to inform them of the decision which had been reached by the company. The cabinet met the same day and dealt with this matter. There was a cabinet committee meeting on Friday and our communiqué of Friday night, signed by a group of ministers, suggested to the government of Nova Scotia that a meeting of people representing the local interests, the two governments, and the company, take place. At this meeting the company would have been asked to provide certain information and would have been asked to make its intentions better known with regard to the future of the plant, the future of the workers and the future of the local communities. So far as I know, representatives of the industry. ed by the government of Nova Scotia, has been refused by the company. Tomorrow night's meeting at Sydney will not include, so far as I know, representatives of the industry.

The position of the government is, first, that we deplore of course the manner in which the announcement was made, especially in view of what had been said in the house on June 27 by the Minister of Industry (Mr. Drury). This is found on page 2020 of *Hansard* for June 27. The Minister of Industry said then:

> The company reports that it has been rationalizing its operations in order to improve its ability to meet increased competition from Canadian and other producers, and this also has affected the situation.
>
> Furthermore, faced with increasing competition and declining prices in its main marketing areas the company says it has taken steps to improve the productivity of its operations at Sydney which have resulted in some curtailment of the numbers employed.

This statement certainly did not permit one to forecast a decision as sudden as that which was announced last Friday. I might also bring in as proof a report of the voluntary planning board of the province of Nova Scotia written in association with officials of the province of Nova Scotia, Dosco and the Atlantic Development Board, which was tabled in the

house, I am told, some 10 or 12 days ago by the Prime Minister (Mr. Pearson). It is not an optimistic report but there are paragraphs which could lead a reader to believe there was still hope for this industry, at least in the internal Canadian market.

Mr. Bell (Carleton): Would the minister indicate on what day that report was tabled?

Mr. Pepin: I thought it had been tabled but I am now informed it was not. It is, however, a public document and I will endeavour to find a copy for my hon. friend if he so wishes.

Mr. Bell (Carleton): I am very interested in it. The minister said it had been tabled in the house.

Mr. Pepin: I thought it had been tabled. I regret having said so.

Second, the government intends to hold the company responsible not only for its legal obligations, which of course the company accepts—and the legal obligation is limited—but also for some moral responsibility to the labour force and the communities of Sydney and the surrounding area. It is too easy for a company to live in and on a community and then say with only a day or two days' notice, "We are leaving. Catch." I believe that a company like this has some responsibility. We intend to remind the company of that fact.

In respect of the problem itself we intend to find out what are the facts which led to this decision. We also intend to take all reasonable steps to help individuals, of course, and the province which has the main responsibility in this matter. In so saying I am not trying to pass the buck. I am just stating the fact that this is a problem of one industry; it is not a problem involving the whole Canadian industry. In the last few days, as a matter of fact, and rightly so, the provincial authorities have indicated clearly that they are considering the problem in this way. As I have said, the meeting tomorrow night has been called by the government of Nova Scotia. We intend to be present and take part in a most constructive fashion.

Finally, it is too early to say what will be done by the central government to help in this very serious matter. I think it would be unwise, before the meetings to which I have referred take place, to state our plans. I should like to say only that we will be and are exploring all rational avenues in an effort to help.

The speaker who preceded me, the hon. member for Winnipeg North (Mr. Orlikow), had an instant solution to this problem—instant nationalization. One must find out, first, what could be accomplished by nationalization. It would be necessary to know first whether nationalization would solve the problem and what nationalization of that one plant would lead us to. If we were to automatically nationalize mines which have exhausted their ore or if we were to get into the habit of nationalizing individual plants which get into great difficulties, the government would have a full time job on its hands. There are plants such as textile plants in the ridings of many hon. members, there are also gold mines in northern Quebec and northern Ontario, which probably would be asking the next day for a similar advantage if nationalization can be considered so automatically to be an advantage.

The problems of Cape Breton are deep ones. The economic base itself of Cape Breton has been eroding away for a good number of years. This means essentially the coal and steel industries. The job now is to find an alternative economic base. Everyone will agree that this is not an easy task, but my belief is that it is not an impossible one.

I should like to use the next few minutes to give a report on some constructive moves taking place in Cape Breton now, mainly pertaining to the Cape Breton Development Corporation for which I am responsible to parliament.

[*Translation*]

You will recall Mr. Speaker, that a few days ago, the Prime Minister announced the appointment of Mr. Robinson Ord, vice president of Chemcell, to head the Cape Breton Development Corporation. The appointment of Mr. Ord was greeted with great satisfaction by the provincial government, by the labour unions in the area, by the local and national press. I have no intention of reading all the reports to you. But, generally speaking, they are most favourable. For instance, the *Chronicle-Herald* on September 16 wrote:

[*English*]

The article in the *Chronicle-Herald* of September 16, 1967 says in respect of Mr. Ord:

> His acceptance of the position indicates an admirable courage, for no one doubts that it will be difficult and often frustrating—
>
> Mr. Ord's background in the chemical industry is in line with some of the hopes of the planners, who see a considerable development of that industry in Cape Breton. More, his experience in other places, and in endeavours largely unfamiliar here, should bring a new and helpful perspective to the campaign to diversify the island's economy.

Closing of Nova Scotia Steel Plant

[*Translation*]

Mr. Ord is already at work; he, too, took the total immersion course, not in French, but in the problems relating to coal in Cape Breton. He will live in Sydney. Unfortunately there have been reports to the contrary in the newspapers, but it is certain that the new president will move to Sydney to symbolise even more not only his own interest but that of the government in solving the problem of coal.

Mr. Ord has already been there, he has already met the local leaders, the operators of the mines, the municipal authorities, the union leaders, and others, and I should add that he has just authorized also an additional expenditure to modernize the Cape Breton mines.

You will recall that a few months ago we announced that $2 million would be spent for that purpose. An additional but slightly lower amount will be announced more officially in a few days.

Mr. Ord has already taken part in discussions with the British American Oil regarding the establishment of an oil distillery at Point Tupper.

Moreover, he will soon enter into negotiations with Dosco with regard to the purchase of the mines. Those who followed the debate on this matter will remember that the corporation must first proceed to seek the title-deeds and draw up an inventory of the company's chattels in the area. That inventory is now in progress and, as a matter of fact, a meeting is being held today in Montreal in that connection.

Mr. Ord is also having discussions with the Atlantic Development Board with regard to the purchase by the Cape Breton Development Corporation of the Point Edward industrial complex.

All this is to indicate to you the considerable activity going on at this time. All who share my view that the Cape Breton Development Corporation will play an important and positive role in setting up a new economic basis for Cape Breton will rejoice at what I have stated.

In a few days, two or three at the most, I shall announce the membership of the board of directors of the corporation.

Some steps remain to be taken before such an announcement can be made.

Should the Cape Breton Development Corporation take over the steel industry in that area? According to newspaper reports, the premier of Nova Scotia has suggested it.

[Mr. Pepin.]

It is an extremely difficult decision to take and, as I said earlier, I was not too much in favour at first. However, as hon. members will recall, the legislation states quite clearly that the Cape Breton Development Corporation may intervene and help, by every possible mean, find a solution to the great hardships experienced by the steel industry in Cape Breton.

In fact, it is flexible enough to allow practically anything and Mr. Ord will certainly want to contribute to the solution of that problem, as he will contribute to solve the coal problem.

• (3:40 p.m.)

[*English*]

Perhaps I should say a little more about this subject. I think everyone will agree that there are in Cape Breton two main areas for future potential development, the Point Edward industrial park near Sydney and the Strait of Canso area. Having regard to the first, I want to emphasize what the hon. member for Cape Breton South (Mr. MacInnis) said about the tremendous amount of work which is being done in this area at this time. I have an up to date report from the Atlantic Development Board on that matter.

The number of studies which have been made is considerable, and while I agree that studies do not solve problems they have a tendency to help in finding solutions. Studies have been made of industrial park needs, of industrial opportunities, and of the layout and design for the Point Edward industrial park. There have also been studies of local government in industrial Cape Breton, of the availability of fresh water for fish plants, of the Cape Breton Island tourist industry, of fisheries resources and of industrial feasibility in several small industries.

From this limited list I think one must realize that the background of information on Cape Breton is getting better. It is my belief that everyone will benefit from the increased background information but specially the Cape Breton Development Corporation.

On the subject of realizations, may I say that people may not at this time have complete enough information on what is taking place in that area. I have a list of the various things which have been accomplished. In respect of basic services for the Point Edward industrial park a bulk handling facility, representing a cost of $950,000 is to be completed early in 1968. There is also a water-for-existing-industries-project, an expenditure of 270,000, which was completed in April of this

year. There is a recirculation of water project for the Pyromineral company at a cost of $150,000 to be completed next year. There is a sewage treatment plant at a cost of $400,000 to be completed next year. Dredging of the port has been completed at a cost of $162,000. A temporary wharf at a cost of $70,000 was completed last year as well as additional services for the park at a cost of $1,400,000. One could go on listing these things which have been done or are in progress to improve the facilities of the Point Edward industrial park.

I could also list a number of things done by other federal departments, particularly by the area development agency of the Department of Industry. Out of the 101 projects in Nova Scotia now approved eight are in Cape Breton. They have an estimated expenditure of $134 million, which represents either directly or indirectly 1,200 jobs. Out of 11 new projects coming up for approval five are for Cape Breton and represent a capital expenditure of $70 million, $10 million of which will come from ADA. This will mean 2,000 more jobs either directly or indirectly. One can readily see that what has been done in Cape Breton, at Point Edward in particular, represents an important step in the right direction.

I could also point out the industrial development taking place there and the federal contribution to that development. I could talk, for example, about the heavy water plants at Glace Bay and at Port Hawkesbury made possible by Atomic Energy of Canada's purchases.

Perhaps I should mention the fact that the FRED program in Nova Scotia is coming along nicely. Everyone realizes that the local problem is wider than even Cape Breton itself. Hon. members know that the FRED program under ARDA will bring in not only the four counties of Cape Breton Island but also the five mainland counties of Cumberland, Antigonish, Pictou, Guysborough and Colchester.

At the moment the government of Nova Scotia is establishing an organization within the cabinet of that province which will make effective provincial participation possible. The provincial response to the request for the appointment of a senior cabinet committee headed by the premier himself has been satisfactory.

Let me say a final word or two about the Strait of Canso area. I was there recently and was impressed by the quality of the location for industrial development and also by the facilities offered by that port for these great new ships of the future in the 200,000 ton to 300,000 ton category. Those of you who have been there recently know that there is already on location a gypsum shipping operation, a pulp and paper plant and a tank farm for the operations of the British American Oil Company. Canadian General Electric is constructing a heavy water plant and there is also at this time a thermal power station being built. C.I.L. is planning a chemical plant and Nova Scotia Pulp Limited proposes to expand its present establishment. British American Oil also has a big new project to establish a refinery in the area which will be the cornerstone of what everyone hopes will become an important petrochemical complex. This project is presently the object of a three-corner negotiation involving B.A., the Nova Scotia government, the federal government and the Cape Breton Development Corporation.

I understand as well as everyone the potential and tragic results to the area of the announcement last Friday. I sympathize, as everybody does, with the situation in which these steel workers are being placed. For my part, and on behalf of the government, I can only say that we will approach this problem with the fullest co-operation with the people involved and the provincial government of Nova Scotia.

• (3:50 p.m.)

The purpose of the second part of my intervention was to say that a change in the economic base of Cape Breton is possible in time. There are two focal centres of present and future development, namely, Point Edward, the former naval base, and the Strait of Canso. In my view these two locations must be fully utilized. Federal and provincial contributions must be made in order to attract industry into these areas. As far as I am concerned, with the instrument of the Cape Breton Development Corporation I can assure the house that everything will be done to achieve this objective. It does not take anything away from the drama of the situation we are studying but it brings a ray of hope into a pretty sad picture.

Mr. Pugh: Mr. Speaker, I wonder whether the minister would accept a question at this time. Reference was made to the meeting with Dosco last Thursday. Was it suggested by the government that Dosco should withhold its announcement? Also, did the government intimate that there was or could be a possibility of setting up government centres of some type to study modernization, do research and the like?

Mr. Pepin: These were confidential conversations, Mr. Speaker. However, I said in my speech that this was not a debating session. We were informed of what was going to take place; arrangements had been made to that effect.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I listened very carefully to the motion for adjournment made by the hon. member for Capre Breton South (Mr. MacInnis) as well as to his reasons therefore.

As a matter of fact, this motion for adjournment is made as a result of economic conditions which do not look promising for Nova Scotia and especially for the Cape Breton area. It is once again an economic situation which calls for this adjournment.

We could have made a motion for adjournment about the gold mines in north-western Quebec which are in the same situation. We could have made a motion for adjournment to assist agriculture because it is in a bad way in many areas of Canada. We could have done the same thing in connection with other areas, even though the Minister of Energy, Mines and Resources (Mr. Pepin) tells us that it is not the general economy which is in a sad plight, but only one sector of it.

If to the steel industry one adds the gold mines, agriculture, and the uranium mines, areas which were all in a deplorable state not so long ago, one must conclude that our economy is very sick indeed. And the reason for that is very simple, it is because we are not masters of our economy. Our economy is under foreign control and we are at the mercy of foreigners.

Dosco, in Cape Breton, wants to sell its primary production and the only buyer, it seems, is our neighbour to the south who sets the price. It does not buy at the price set by Dosco, it sets the price for Dosco, Dosco pays salaries and operation costs and as it operates at a loss, of course, the government must subsidize it. And the hon. member for Winnipeg North (Mr. Orlikow) said a little earlier that the federal government had undoubtedly paid over $200 million in subsidies. The hon. member for Winnipeg North seemed to insinuate that those $200 million had been paid to the company to enable it to make a profit. But the opposite is happening. Being short of subsidies, the company can not maintain its operations. It will have to close down next April, and throw out about 3,000 workers.

Mr. Speaker, as long as we will not manage our own affairs and will not decide, here in Canada, to demand prices based on the cost price, we will not get rid of subsidies. The government grants subsidies to gold mining exactly for the same reason, that is because the United States, and not the Canadian government fix the price at $35 per ounce. Our Canadian government is like a puppet controlled by the United States. Up until now, this has been the only role played by the Canadian government.

• (4:00 p.m.)

It is impossible to make a decision. We ask the minister: Does the government intend to raise the price of gold? No, the United States object to that. The situation is the same with regard to steel. It is impossible to obtain the price needed for normal operations. Therefore the plant closes down and Canadians lose their jobs. This situation exists in many sectors.

The hon. member for Winnipeg North (Mr. Orlikow) suggests nationalization, that the government buy Dosco or other companies operating in Cape Breton, modernize the plants and improve production. But modernisation and automation, Mr. Speaker, will likewise produce lay-offs. And if we increase the production of these mines, steel plants or iron works, if we sell to the United States at a loss, we will still have to grant subsidies. We will still be struggling with, on the one hand, subsidies covered by the taxes paid by the people and, on the other hand, the transfer of manpower.

Just imagine how much work will befall upon the Minister of Manpower and Immigration (Mr. Marchand) in Canada, what with all those problems: to relocate Cape Breton people to Mattagami, north of Amos, or to Thompson, in northern Manitoba. We do not know where to send these people anymore, because of the lack of new secondary industries. This problem does not arise only in Nova Scotia. We heard talk, especially this past week-end, about the need for secondary industries in the province of Quebec. There are even some who envoked the need of a special status in order to secure secondary industries.

We have the same problems as Nova Scotia. This is an economic problem, which is common to all provinces.

And why is Sidbec, another steel company, but in Quebec this time, not in operation? Why? Because of a lack of technicians, of engineers, of goodwill, of human capital No.

Because of a lack of opportunities. No. Because American interests have decided that Sidbec will not start its operations. And Sidbec is waiting. Millions were invested in it, but it remains idle, in spite of the fact that the provincial government is directly involved as well as individuals. Everybody wants to see the development of a primary steel processing industry which would put out the primary production which, at present, is wholly sold to the United States.

Whose secondary industries process our steel and send it back to us after making a profit, at our expense, naturally. That is the situation, and nothing else.

And what if the Minister of Energy, Mines and Resources were to tell us that a paper mill or an industrial park is being built or that another tourist organization is being developed, which the Cape Breton Development Corporation can help by every possible means? Yes, but how, by what means? By means of subsidies? And that, to promote primary production, everything else being left under the control of Americans. That is the problem, Mr. Speaker. I have nothing against Americans, but it seems to me that the government should argue with them and tell them: Listen, we are quite willing to let you have raw materials, primary products, but let us at least partly process those goods. When it is a question of manufacturing freezers, cars, of finishing a product made of steel, everything is controlled, everything is made in the United States. Nothing is made in Canada.

When we have an opportunity to develop or to continue developing our production, it seems that at that moment the government withdraws and forgets its responsibilities. It does no more than agree to an emergency debate which will not solve the problem of Cape Breton. Note that there is no legislation, there is nothing before the house.

We are discussing a situation in fact. Something that exists. Dosco will close its doors in April just as in our own area, gold mines will close their doors and have been closing them for a few years with the result that manpower must be transferred, moved here and there and, meanwhile, the economy of Canada is going to pot. Why? Because no solution is being suggested. The solution of the hon. member for Winnipeg North (Mr. Orlikow) is nationalization. What would it bring? Absolutely nothing. We have seen plenty of government ownership and nationalization.

This morning, I was reading in a bulletin that Czechoslovakia where everything has been socialized and nationalized is forced today to revert to private enterprise in order to stimulate production because it was realized that nationalization was a complete flop for the development of the country. So much for Czechoslovakia. Others are in the same situation. In Canada, nationalization would settle nothing.

Instead of a private company, we would have a gang of bureaucrats, probably five times as many, to replace the present management of Dosco. This would be more expensive, this would produce nothing extra, and the bill would be paid once more by the Canadian people.

Mr. Speaker, that is not a solution. The solution is to produce in Canada all we can and to finish our primary products, i.e., to create secondary industries.

As was the case with Sidbec in Quebec, such industries can be started What is lacking? Money. There lies the problem, and nowhere else. What does Dosco lack to maintain its operations? Profits, in other words, money

The government cannot do more, because it has no more money because its income derives from a tax system restricting its activities and operations to promote the economic development of the country.

If the government took its responsibilities—I see the Minister of Manpower and Immigration (Mr. Marchand) and I know that he understands quite well my point of view—if the government used the credit of the Bank of Canada to develop our industry, it would not deprive the United States, it would not harm anyone, we would not be hearing about the closing of Dosco nor of the gold mines and it would enable us to create secondary industries.

But no one wants to resort to the services of the Bank of Canada. They would rather accuse the active members of the Ralliement Créditiste of lacking in objectivity and insight. However, if the present system is examined, what are the solutions?

We have just heard the Minister of Energy, Mines and Resources. Did he offer a solution? Absolutely not.

Later on, we shall hear probably the Minister of National Health and Welfare (Mr. MacEachen), a native of that part of Cape Breton. Has he a solution to offer? He has none. He will probably suggest social welfare

assistance when the mine and the steel industry, are putting people out of work, and also rising taxation for those who work to pay for social welfare.

• (4:10 p.m.)

We are on a merry-go-round due to an absurd system. And to think that such a system has the blessings of the mass media throughout Canada.

The solution which is no solution, the good intentions of the minister, are praised. Ever since I was a youth, I have heard everyone's good intentions being praised but the results have always been the same. We go about, here and there, but we always face the same problem. Whether it be in one sector or another, of the Canadian economy, there is but one, and always the same problem: the problem of finance. That is the situation. But no one wants to tackle it, to look at it squarely; no one wants to face his responsibilities. No, people would rather call the Creditistes utopians, and say that they do not know what they want.

On the contrary, Mr. Speaker, we want the monetary system to serve the economic needs of Canada. When the monetary system serves the physical possibilities of all the provinces, then we will no longer witness such situations as that which now confronts the people of Cape Breton, and the people in my area. When we do, there will be no repetition of the situation which prevailed at Elliott Lake in the riding of the right hon. Prime Minister of Canada, where people who worked there for 10, 12 and 15 years, who bought nice little homes through the Central Mortgage and Housing Corporation and, who after paying 12 or 13 years on their homes, after investing their savings in those houses, had to pull up stakes, abandon their homes, losing the money they had invested in them, and go to work elsewhere.

Mr. Gauthier: To follow occupational training courses.

Mr. Caouette: Yes, and follow occupational training. Today, the Elliott Lake mines are operating again because we are exporting uranium, but the problem was ticklish, and hundreds and hundreds of Canadians lost all their savings there.

The same thing will happen at Cape Breton, the same thing happens in other industries. At home in my area in the gold mines, it is a problem and we are told that the situation is only local and temporary and that it will improve. Some improvement!

[Mr. Caouette.]

When I hear the hon. member for Cape Breton South give the background of the situation, I feel that he is right. But he has no solution to offer. The hon. member for Winnipeg North speaks of the situation: the poor workers of Cape Breton employed by Dosco will lose their jobs in April 1968 it will be a horrible calamity, almost a national catastrophe. Let us nationalize.

Mr. Speaker, we are against nationalization, because it will cost more to the Canadian people than the subsidies we are paying. And it prevents development of personal initiative.

I think the first resource to develop here is precisely personal initiative. The government should do everything in its power to help the development of personal initiative to enable it to be carried through instead of stopping before reaching its objective because American financiers call a stop. Let us stop being slaves to high finance and let us act positively to become masters in our own house, and to make our own decisions instead of always holding the special telephone line between Ottawa and Washington to ask permission to maintain Dosco and the gold mines, or to fix in our country the price for gold, steel, wood, farm products and wheat.

Mr. Speaker, I think it is time that we should face our responsibilities and stop putting poultices on a wooden leg to cure the evil to put an end to what goes wrong. A poultice on a wooden leg can help for some time, that is, so long as people are unconscious, careless or stupid. However, one of these days we shall have to take extreme measures to solve our serious problems. One of these extreme measures is to give our nation a monetary system which will enable it to develop and to expand so that we can say: we are the masters in our country, Canada, and we shall expand according to our own aspirations.

[*English*]

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, a few months ago when we were debating the bill to set up the Cape Breton Development Corporation, I am sure most members of the house felt this matter would not be back with us so soon. One must regret the announcement made by the Hawker Siddeley Company which can be used, as it has been used so devastatingly, against private enterprise. One would expect such action possibly from a British based company, knowing the economic or uneconomic basis of a socialized steel industry and

having had the experience of seeing the steel industry of that country nationalized, denationalized and nationalized again. It is not surprising either that this solution should come readily to the minds of some members of this chamber.

We know also that the steel industry is one of those industries like the aircraft industry in that it is a status symbol for the developing nations of the world. We know that a tremendous amount of the steel production in foreign countries has nothing whatever to do with economics but has everything to do with local feelings of nationalism and with assistance from the developed countries around the world. It is quite possible that through some of our aid programs we have been the authors of the distress the Canadian steel industry now faces.

The success of the Cape Breton Development Corporation requires the closest co-operation between private industry and government. I am afraid that this has not been accomplished in the months since the legislation was passed. Certainly we hope that provincial negotiations will come about and that the federal government will lend all the assistance it can. Co-operation with private industry must not be ruled out. It is, I suppose, a commentary on the way steel industries around the world have fallen victim to nationalization that any possibility of interesting private capital in the steel industry of this nation is remote. It would be worth the government's time, however, to pursue the question of the participation of private enterprise in the maritime and Canadian economies because it will be a sadder day still if all industrial decisions in this country cease to be based on economics and become entirely political.

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, since arriving in the house slightly over ten years ago I have at no time risen to take part in the proceedings with such a heavy heart as I have today. Last Friday was indeed "black Friday" for the people of Cape Breton, Nova Scotia and indeed the Atlantic provinces. Whether or not this action was specifically designed by Hawker Siddeley to fall on Friday the 13th, I am not aware.

First of all, sir, I wish to express my thanks to you and to the members of this house for agreeing unanimously to a debate on this matter. My colleague, the hon. member for Cape Breton South (Mr. MacInnis) has tried to point out the problems with which we are confronted. The hon. member for Winnipeg North (Mr. Orlikow) has also made a contribution, as has the Minister of Energy, Mines and Resources (Mr. Pepin). I think it was wise that the motion was allowed because of the fact it is my information that at the present time Dosco is negotiating the purchase of basic steel in the European market. Apparently the company will know within 30 days if it can find a source from which to purchase this basic steel. I suggest, sir, that not five or six months from now but within the next month or two layoffs will take place at the Sydney steel plant.

Hawker Siddeley, I understand, owns 77 per cent of the shares of Dosco. They will have no difficulty whatever in getting a resolution through the board to close down the steel plant at Sydney. I could go into greater detail and give the house some background information on this corporation which since its arrival in Canada, so far as I have been able to ascertain, has been nurtured on government contracts and government subsidies. In return, as was so well indicated this afternoon by the Minister of Energy, Mines and Resources when reporting on a meeting held last Thursday with representatives of this corporation, the Hawker Siddeley Company has told governments, both federal and provincial, to go to hell. This is about what they have said to privy councillors in this government, to members of parliament, to the people of Canada and to the government of Nova Scotia.

• (4:20 p.m.)

I have before me a headline from a newspaper dated October 30, 1957, almost ten years ago, which reads: "Roe Out To Make Dosco No. 1 Steel Producer". I also did some detailed research into the Hawker Siddeley group as far back as January 23, 1959, at which time I pointed out to the government of the day and to the members of this house how callous, ruthless and vicious this corporation was in the treatment of its employees, both at the union level and those in a supervisory capacity, in its operations in Atlantic Canada. During the recent debate in June of this year on the Cape Breton Development Corporation I reiterated to some extent what I said roughly eight years ago in this house.

The only man who opposed the take-over when Hawker Siddeley came to Canada with such wonderful promises was Mr. R. A. Joudrey of Hantsport, Nova Scotia, and his words ring true today. He prophesied what would take place after Hawker Siddeley had secured

these holdings in Canada. After this group had secured Dosco the then premier of Nova Scotia, the present leader of the Conservative party, said to the Dosco and Hawker Siddeley group:

> You have stated your confidence in this area and your intention to develop Dosco as a maritime enterprise. We accept your assurances and we look forward to a happy association which will be beneficial to us and profitable to you. You realize, I am sure, that Dosco is not just an industry in the ordinary sense; it is the staff of life for many communities in Nova Scotia. It is something much more than just a matter of dollars and cents. I am sure that in assuming control of Dosco you have accepted in full the major responsibilities that go with that control.

The premier of that day along with many of us, Mr. Speaker, had, I guess, to be shown the truth. This group has shown that it did not come into Canada to expand, that it did not come into Canada to improve the industry, to modernize, to diversify, to find markets or to do anything that would be for the welfare of Canada or the employees of this industry. If I am wrong I hope I shall be corrected but the evidence, gentlemen, is there. We have seen no evidence that they have been remotely interested in expanding any of their operations in Canada.

People in governmental circles have been greatly fooled by this corporation, and in saying that I do not reflect on the members of any government involved. We in Canada, I think, are used to taking people at their word. In this instance their words were not worth anything.

In the Cape Breton *Post* for May 27 last the Minister of National Health and Welfare (Mr. MacEachen) was quoted, in reference to the $4 million granted by the Atlantic Development Board and the province of Nova Scotia to improve dock handling facilities at Dosco, as saying:

> "The new and improved facilities should significantly reduce handling costs and improve the competitive position of the Sydney steel industry," he said.
>
> "And with this government assistance, it is expected that additional company capital will be freed to completely modernize the Sydney steel plant itself and bring its operating costs closer to those of other Canadian steel companies."
>
> Mr. MacEachen said that in terms of employment he is "extremely optimistic" that these developments will be beneficial over the long term.

I have no doubt that the Minister of National Health and Welfare made that statement in good faith. But he, along with so many of us, is misinformed and misled by this corporation. Just a few years ago, in 1962, members of parliament of all parties

and senators of all parties were invited to the Chateau Laurier by Mr. T. J. Emmert, the man who made this shocking announcement a few days ago. He wanted to get to know the members of the government and members of parliament. He had glowing words for what was going to take place in the future under Hawker Siddeley. Perhaps we are all from Missouri, Mr. Speaker, but we found this difficult to believe.

In any event, following this introduction he wrote me a letter which I should like to place on record. I assume that all members of this house and senators received a similar letter. It is dated March 16, 1962 and reads:

> It was most kind of you to take a few hours out of your busy life to join me at dinner on Wednesday evening in Ottawa.
>
> I thoroughly enjoyed the opportunity to exchange views on activities in the Atlantic provinces. We all have a common aim—the progress and development of that worthy part of Canada. You have my assurance I will be "pulling my weight" at all times.
>
> We must arrange to meet again in the near future. In the meantime I want you to know how much I appreciated the occasion.

That letter was signed by Mr. T. J. Emmert. Down through the years, Mr. Speaker, we have seen nothing but doubledealing on the part of this corporation. I could refer to other glowing statements, references to making Sydney the Pittsburgh of Canada and that they were going to do this and do that. Someone or other was always making some sort of statement. Then the other day this gentleman took off for Britain in a great hurry, I understand, not even having time to meet with either the federal or provincial cabinets.

I think it is time that governments in Canada, regardless of political stripe and be they provincial or federal, inform these people without hesitation and in no uncertain terms just how they feel. It has been proven in the past that these people hold a gun to the head of the government regardless of which government is in office at the time.

• (4:30 p.m.)

For some time I have been trying to tell the house of the seriousness of the steel problem. The hon. member for Cape Breton South (Mr. MacInnis) also drew attention to the area's difficulties by the questions he asked of the Minister of Industry. The Minister of Energy, Mines and Resources referred to the statement by the Minister of Industry on June 27, when replying to questions I had asked in the house about recommendations with respect to setting up a royal commission

to look into steel operations in Sydney. At that time the Minister of Industry said that because of the complexity of the problem the responsible authorities would be able to examine the entire question in a more informed way if a thorough study of the steel industry in Cape Breton were available. We saw no royal commission; we say only a voluntary study which was carried out under the aegis of the economic planning board of Nova Scotia, representatives of the Atlantic Development Board, the Department of Industry, and Dosco. The report this group brought in was that apparently a good long-term future for basic steel existed. I do not know what the period was. I presume these people are experts in their fields. They said there was hope for basic steel production at Sydney.

I do not think that anyone in the government, in the opposition, in the province or among its municipalities ever thought that matters would come to this pass. We are used to being treated roughly by this corporation; yet I doubt if anyone thought that it would say, "Gentlemen, in five and a half months we shall throw more than 3,000 people out on the street and we are not interested in doing anything about it."

The minister spoke about moral and social responsibilities. We all feel the same way, and I shall refer to this subject later. A royal commission was not appointed and I think it should have been. The government should have taken serious and drastic action. Now that the blow has fallen I hope the government will do something other than offering us a repeated litany of studies, studies and more studies. Studies are important and I am pleased to see them initiated. Yet the Minister of Energy, Mines and Resources said that he had not had a debate at the recent meeting. He was informed of the corporation's intended action. This is what one might expect of Hawker Siddeley.

The minister deplored the announcement. We all deplore it. He feels that the company has a moral obligation to the people of the Cape Breton area. In a jocular fashion he referred to instant nationalization which had been proposed by the hon. member for Winnipeg North. The question must now be asked, what can be done to assist those of the Cape Breton area?

I believe in free enterprise, my party believes in free enterprise. Only a few months ago, during the debate on the Cape Breton Development Corporation, I spoke of the problems in the field of steel. Though I was in favour of free enterprise I also supported the concept that the corporation should take over the responsibilities in regard to steel at Sydney.

Mr. Herridge: The hon. member is in favour of our policies.

Mr. Muir (Cape Breton North and Victoria): The hon. member for Kootenay West has said that I am in favour of their policies. Possibly he was not present during the previous debate.

An hon. Member: He did not hear it all.

Mr. Muir (Cape Breton North and Victoria): I suggested previously that I was in favour of placing steel under the Cape Breton Development Corporation.

When unique situations arise they need unique solutions. Drastic problems require drastic solutions. I know that the step we propose is a drastic one for the government to take. On other occasions several hon. members have said that it would be shocking to bring legislation similar to that which established the Cape Breton Development Corporation before the house. Yet that bill is now on the statute books of Canada. The coal industry is covered. A small amendment to the legislation is all that is needed to include steel. I do not say that steel ought to be included forever and a day. Perhaps at some time the steel facilities might be sold to private interests. If closure of the plant comes we must, I suggest, have some years to adjust.

As Canadians, have we not a right to expect some level of government to expropriate the holdings of Dosco?

An hon. Member: Confiscate them.

Mr. Muir (Cape Breton North and Victoria): One of my colleagues says that the holdings ought to be confiscated. In view of the drastic situation perhaps the government might have a right to do something like that. The company could then go to court for its settlement. That is how the people of this country feel; that is how the people of Nova Scotia, of the Atlantic provinces generally and of all Canada, I am sure, feel. Can this company come into this country, do almost anything it likes and get away with it? In the last few days Mr. Ian MacKeigan of the Atlantic Development Board and Mr. Robertson Ord of the Cape Breton Development Corporation have said that they are shocked by what has happened. They have gone on

record as saying that something must be done. What that something is I am not prepared to say.

I am not an expert in steel, I am not an expert in economics. Possibly, having been unemployed, I could call myself an expert in how it feels to be unemployed. It does not feel good, nor is it good to be unemployed. Yet several thousand people are to be unemployed if something is not done.

To get back to a possible solution, and this is only a possible solution, I have reason to believe, on good information, that the interdepartmental committee which the government set up prior to the Cape Breton Development Corporation legislation recommended to the government that steel should be included inasmuch as within a period of years steel would have to be included in any event in the Cape Breton area. The government rejected that.

• (4:40 p.m.)

The hon. member for St. John's East (Mr. O'Keefe) has had a taste of what this corporation can do. It moved out of Bell Island lock stock and barrel and left about 1,000 people unemployed. How long are we to allow a corporation of this type to carry on in this manner?

We were told that its new operation at Contrecoeur would complement Sydney. We opposed the corporation when it decided to establish at Contrecoeur but its spokesmen said, "No, gentlemen, have no fear. This will complement Sydney. We will get all our basic steel from the plant at Sydney."

When the corporation decided to invest money at Contrecoeur, as a last-ditch effort the Nova Scotia government in 1963 asked Dosco to reconsider its decision to establish in Quebec and instead expand its Sydney operations. To make the request attractive the Nova Scotia government threw out a strong hint that if its wishes were acceded to it would build a new rod and bar mill with its money. Dosco refused the request. The reason chairman T. J. Emmert gave was that the company could not afford to have its hands tied by politics since a new government might alter the situation.

Time and time again governments at both levels have tried to co-operate with this corporation. The hon. member for Villeneuve (Mr. Caouette) has suggested that there should be no nationalization. I fully agree, if he has another solution. Maybe I understood him incorrectly in the translation, but I think he also said there should be no welfare payments made to those affected because taxes would go up. I wonder just what he does suggest as a solution. I am sure each of us would like to have an answer to the problem.

I do not think the hon. member for Villeneuve ever heard the hon. members from Cape Breton Island—the Minister of National Health and Welfare (Mr. MacEachen), the hon. member for Cape Breton South (Mr. MacInnis) and myself—oppose the pouring of millions of dollars into the province of Quebec for Expo, money which I say was well spent. Quebec is part of Canada too, and I would just like to say that we on Cape Breton Island feel we are also part of Canada. We feel we are part of this great nation of ours, and at no time did we protest millions of dollars going into the province of Quebec for Expo. Expo has been a wonderful thing, a tremendous thing which has made us all proud to be Canadians. I think the hon. member for Villeneuve should reconsider some of the statements he has made.

It is a time for action by governments. I do not know what the action should be. Someone may say, "Sit down if you don't know," but all I am trying to do is impress the importance of action on the government.

The Minister of Energy, Mines and Resources (Mr. Pepin) went on to speak of many different projects that have been initiated by the provincial government, by the federal government and by both governments in co-operation with each other. They are all good and we hope they come to fruition. The industrial park at Point Edward is in my constituency and I look forward to these developments. However, I am sure the minister will agree that such projects are slow to develop and some of them do not require a large work force.

At the Point Edward industrial site there are fewer people employed now than when it was a naval base operated by the Department of National Defence. The naval base employed about 700 people, but for reasons known to itself the government closed the base. Seven hundred jobs were lost. Many of the workers had been employed there for 15 to 20 years. Even now I receive letters from a number of those people who have not been able to obtain alternative employment.

I am trying to point out the importance of employment in Cape Breton Island, Nova Scotia, Newfoundland, Prince Edward Island and New Brunswick, as compared with the cities of Montreal, Toronto, Calgary or

Vancouver. If job closures occur in those cities affecting 200, 300, 500 or 600 people, for example, there is an opportunity for them to enter some other type of employment. Regrettably such opportunities are rare in the Atlantic provinces. In the Sydney area and in Cape Breton the opportunities are nil.

I should like to read into the record a telegram which reached my office this morning:

> An emergency meeting of Sydney Deanery priests today expressed commendation of your stand taken regarding Hawker Siddeley and the Sydney crisis. Never before has so much attention been concentrated on our problems with the establishment of the Atlantic Development Board, Industrial Estates Limited, Cape Breton crown corporation, ARDA, etc. These agencies must be given sufficient time to attract new industries and create new job opportunities. Closing of the steel plant in six months is absurd. Every effort must be made to continue operations of the steel industry while an all-out effort is made to build a new economic base for Cape Breton.
>
> Very Rev. E. J. Nash, Dean.

Gentlemen, we require time. Time is the important factor. We cannot allow this steel plant to close in less than six months when all these people will be thrown on the street in such a callous manner.

Someone may say, as the hon. member for Villeneuve rather suggested, "We pour money into certain areas. Why should we not do the same in other areas"? Over the years I have been in this house money has been put into many different industries in western Canada, central Canada and other areas. We are all Canadians and I do not think any hon. member who seriously thinks about the matter will strenuously object to moneys being granted by government, of whatever stripe, to certain areas in order to assist those who are in need and in distress. On this topic I would like to read into the record a portion of an editorial which appears today on the front page of the Halifax *Chronicle-Herald*. It reads as follows:

> Ottawa in recent years, even with equalization grants to the smaller provinces being in effect, has poured more than $8 billion into various programs in other parts of this country, and outside, plus some substantial grants to the Maritimes. But only $254 million has been given in assistance to the Cape Breton coal and steel industries, and that stretched out over a period of 38 years.
>
> People of Nova Scotia will have to conclude that their region is little more than a special protected preserve for Quebec and Ontario interests who exert the most influence in the construction of our national tariff and freight rate structure.
>
> If closure takes place, it is largely the consequence of federal economic, tariff, transportation and freight rates policy and there is little, if anything, the Nova Scotia government can do in this regard, let alone retrieve this possible economic disaster of monumental proportions.
>
> The question that Nova Scotians must ask themselves, and the federal government also, is, are we Canadians deserving of the same treatment as other regions of this great and wealthy country?

• (4:50 p.m.)

As the hon. member for Pictou (Mr. MacEwan) probably will tell you—he has spoken many times in this house regarding the employment situation in his own area—the Trenton steel plant, which has also been operated by Hawker Siddeley, employs about 1,300 people. Then there are the Halifax shipyards where I believe there are approximately 1,100 employees. I wonder on what morning the people in these and other areas will wake up to find that Hawker Siddeley has again delivered an ultimatum to the federal and provincial governments. This is cause for serious concern on the part of all governments and all of us as to what direction we should follow.

Since this development occurred people from all walks of life and from all political parties have issued statements. All the statements have been moderate. No one has tried to make a partisan political issue out of this most serious and tragic situation except, I am forced to say, the leader of the Liberal party in Nova Scotia who previously sat in this house with us. He very viciously issued a partisan political statement to the press and radio condemning the former premier of Nova Scotia and almost anyone who was connected with him. By doing so I am sure he is also condemning the Minister of National Health and Welfare (Mr. MacEachen) who is from our own province, who I am quite sure has tried to do anything he could to assist the industry and who I assume, and I believe I am right, also did not know of the developments which were to take place. I think it is regrettable that a man who aspires to be the premier of a province of this country should stoop as low as Mr. Regan has in this very sad situation.

I have mentioned the matter of freight rates, or if I have not I intend to do so because freight rates have a great part to play in the transportation of steel from Sydney to the markets. Freight rates definitely come under the jurisdiction of the federal government. Then there is another matter in which the federal government must be interested. I refer to the Kennedy round. What effect will that have on steel? Are we to have steel brought into this country as a result of the Kennedy round negotiations

which will undersell steel produced in this country? What will happen to STELCO, Algoma and the others? Mind you, there are many good points about the Kennedy round negotiations, but this is something which I believe the government should think about a little.

During the course of this debate I hope that the Prime Minister (Mr. Pearson) or the Minister of Industry (Mr. Drury), whose relationship with Dosco is quite close, will at the first opportunity undertake to provide a full and detailed statement with regard to the closing of the Dosco steel mill in Sydney. I hope they will do so in as complete a manner as possible, although they probably do not have too much information. A very few days ago I asked the Minister of Industry what was going be done by the government with reference to the steel industry at Sydney. At that time he advised that he was meeting with the company in a few days. Surely the meeting about which he spoke must have been a shocking surprise when he was advised by this corporation of its intended action.

Although I believe I know the answer, I am wondering whether any indication was given when the arrangement was made between the Atlantic Development Board and the government of Nova Scotia that there would be such a thing as the closure of operations at Sydney. I doubt very much that there was.

During the period when there have been problems in respect of steel, which goes back quite a few months, we on this side of the house have questioned the Prime Minister, the Minister of Industry and the Minister of Trade and Commerce (Mr. Winters) with regard to exports. We have asked the Minister of Trade and Commerce what efforts were being made by his department to assist us in selling our steel in overseas markets. Such questions have been posed by the hon. member for Pictou, the hon. member for Cape Breton South and others. There were requests for royal commissions and for information. Did that gentleman try to obtain some information from Dosco concerning what the future might hold? If so, his efforts were to no avail.

Now that we have arrived at this situation I hope that the government will do anything and everything possible. I realize that this matter covers a wide scope. I am sure our colleague from Cape Breton, the Minister of National Health and Welfare, will continue to do his utmost in an effort to resolve this problem. Time is what we require. If a number of years were involved it would be bad enough, but five and a half months does not give enough time to any government or to anyone else to try to resolve such a serious problem.

[Mr. Muir (Cape Breton North and Victoria).]

In conclusion I should like to place on the record an editorial which appeared on the front page of the Cape Breton *Post* of Saturday, October 14. I wish to do so in order to give members of the house an idea of how the people in this area feel. I have no doubt that this editorial indicates how the people of Cape Breton and elsewhere in Nova Scotia feel. As I have already indicated, a further editorial appeared in todays' issue of the Halifax paper. The heading of the editorial in the Cape Breton *Post* reads: "10 Years Of neglect; Hawker Siddeley—A Farcical Operation."

The Acting Speaker (Mr. Rinfret): Order, please. I regret to interrupt the hon. gentleman but the time allotted for his speech has expired.

An hon. Member: Carry on.

The Acting Speaker (Mr. Rinfret): Does the hon. member have the unanimous consent of the house to continue his speech?

Some hon. Members: Agreed.

Mr. Muir (Cape Breton North and Victoria): I wish to express my thanks to you, Mr. Speaker, and to the members of the house for allowing me additional time. I shall not abuse the privilege after I have placed this editorial on the record. It reads:

> Sydney steelworkers stand today as the victims of the biggest doublecross in Cape Breton's industrial history. The engineers: Hawker Siddeley of Canada and England. In less than six months, if they have their way, the Sydney steel plant will go out of existence. In ten years, since Hawker Siddeley bought the steel plant for a song, this company has wrought the destruction of the only basic steel industry in eastern Canada. The warning signs, it must be admitted, appeared some years ago, despite assurances from Hawker Siddeley that the Sydney steel plant's future was assured for at least 15 to 20 years. The processing of Sydney basic steel at Contrecœur—which should have been built in Sydney in the first place instead of Quebec—would continue for a long period. This has continued for less than three years in fact. Suddenly Hawker Siddeley has discovered that prohibitive costs will force this company to abandon this operation. Hawker Siddeley must have known this all along, yet they were quite willing to borrow $4 million from the provincial government—

That is an error. It was borrowed jointly from the provincial government and the Atlantic Development Board, a federal government organization.

—to improve wharf facilities at the Sydney plant, with an assurance they would not only repay the loan, but invest another $4 million to improve shipping facilities. As recently as 12 days ago, Hawker Siddeley and Dosco high officials approved a steel report which recommended expansion and improvements for the Sydney plant, in order to make the plant more efficient and to bring costs down.

Yesterday, Hawker Siddeley officials changed their minds. They now want no part of the Sydney—or any Nova Scotia—operations. This must have been a calculated plan for many years. Hawker Siddeley all along has been cheating, and will continue to cheat until the objective has been attained —the complete elimination of all steel operations in the province.

● (5:00 p.m.)

Hawker Siddeley's shocking decision transcends all bounds of decency and ethics, far unworthy of a responsible corporation. For Hawker Siddeley, whether or not they realize it, have a heavy responsibility to this area which they must discharge, like it or not, before they can be allowed to walk away scot free. This they cannot do without a heavy penalty being imposed. This responsibility, economic and social, they cannot avoid with a bald statement that they are scuttling the Sydney steel plant. This goes much deeper. They should be called to account to explain the reasons for their decision in detail, to explain why they made no effort to expand and improve and diversify their operations in Sydney, instead of allowing its facilities to deteriorate and in many of its aspects to become obsolescent, for this in what they have done.

If governments—provincial and federal—are to take action, which they should do immediately, they should compel Hawker Siddeley to face up to their obligations and commitments and promises by forcing this company to do the job which it apparently never intended to do, by improving plant facilities and maintaining efficiency and keeping abreast of technological progress in the industry. This they have never done, nor made any attempt to do.

The Sydney steel industry will not die just because Hawker Siddeley says it will. It cannot be allowed to happen and Hawker Siddeley should not, and cannot, be allowed to call the shots. They can't get away with it.

This is signed by the publisher. I trust and hope that they will not get away with this and I make a final plea and appeal to the government and members of this house to think very seriously about this sad and tragic situation and to do everything in their power to alleviate what can lead to the end of Cape Breton Island. The backbone of industry in Nova Scotia and the maritimes will be broken if something is not done. Time is what is required. All of the things being done by the federal and provincial governments as enumerated by the Minister of Energy, Mines and Resources (Mr. Pepin) are good and fine, but they do not provide jobs for tomorrow, next week, two months, three months, six months or perhaps a year from now. We require time and I hope the government will give the greatest possible consideration to this very serious situation.

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I feel that those who have already taken part in the debate have given a pretty clear idea of the scope of the problem we are discussing this afternoon.

Of course, the situation in Sydney is quite unusual, in that it involves the sudden collapse of the entire economy of a city, of a community. As the hon. member for Cape Breton North and Victoria (Mr. Muir) said earlier, without some government intervention, one fails to see how the people can remain hopeful.

Now, Mr. Speaker, even though the case of Sydney presents some particular tragic aspects, the fact remains that such situations are becoming more frequent in Canada. At present, Sydney is involved; at one time, it was Bell Island in Newfoundland. Other such cases occurred in Manitoba and every day, we learn that large establishments are closing down, undergoing some changes, being transferred or disappearing. It seems that the very essence of our modern economy tends to bring about tremendous changes.

For Sydney, it is probably more tragic as it was for Bell Island. In the case of Bell Island, there was only one industry from which the whole community drew its income and, at a moment's notice, we learned that the business was shutting down, that the people were out of work and that the only source of income for the community had dried up.

Obviously, I do not think that anybody in this house can find a magic solution to any problems which might occur in this field. But what strikes me especially, in the case of Sydney, is the fact that the officials of the company behave as if thousands of people were not really involved and that after concluding what they call their profitable operations, all they had to do was simply to close down the place and say: "Goodbye, gentlemen, we are not making money any more in Sydney. It is not an economic operation."

We know fully well that there is not one single business in Canada which does not benefit, in its establishment, in its operations,

from the human contribution of the workers, first, of the cities and towns where it is established, in short, which does not benefit from the social and economic sub-structure of our society. Such is the case for Sydney; the company took advantage of all those benefits and now all we get is a few months' notice.

We are quite aware that cities such as Montreal and Toronto may easily absorb, relatively speaking, 300, 400 or even a few thousand people, but we also know that, in the case of Sydney, this is not possible. When the steel-works are closed down, this community will be faced with an insoluble problem, and we shall also be faced with an extremely difficult problem.

There will be dismissals, lay-offs brought about by technological changes, or simply by an industry closing down. I cannot get it into my head that a company which knows, not just a month or two, but often several years in advance, that it will have to close down or to alter its operations, thus seriously affecting a great many people, should consider that its responsibilities are over just by giving notice of its intentions a few months in advance.

Since this sort of thing happens more and more often, Mr. Speaker, I wonder—I am merely asking myself a question, but very seriously—whether, since it seems that some companies are not willing to consider this human aspect of their activities, we should not force them to do so through legislation. Otherwise, we will be faced with this sort of problem every day, people will be affected because they were only given a few months' notice. At present there is the case of Sydney, but there may be others. At any given moment, a company may start a business in the far North, for example, get families to move there because it needs them, and then one day decide that this particular undertaking is no longer economic and say to its employees: beginning today, we are pulling out; you are on your own.

Therefore, I think it would be childish for the House of Commons to believe that we can prevent such things from happening or such closings. They are unavoidable; and will likely become more and more so.

But I think that we should anticipate, either by legislation or otherwise, in what conditions this should come about, so that human beings are not made the victims of decisions taken behind closed doors by a company's board of directors.

[Mr. Marchand.]

That is the point which concerns me, Mr. Speaker, the one regarding the notice. In saying that, I do not judge before hand the decisions that may be taken with respect to the particular case of Sydney, because it is under consideration. The Minister of Energy, Mines and Resources (Mr. Pepin) mentioned it, and no doubt the Minister of National Health and Welfare (Mr. MacEachen) will speak of what will become of the enterprise. We will discuss that. We will try to do our utmost in the circumstances.

But one thing is certain and the time may be right once and for all to ask ourselves how those companies should act when they know that they have to take decisions that will affect not only men but also whole communities?

I wanted to stress that, Mr. Speaker. What I offer as Minister of Manpower and Immigration in the circumstances is a little balm on a wound. I know that it is not the solution with a capital S but as soon as we heard that tragic news, we sent our regional director, Mr. Stewart, to the scene. He is there at the present time and he is taking all the necessary steps to help the workers. If we ever have to face the inevitable, I hope that we will be prepared. But if that is not possible, we will at least have all the tools to help and assist those workers affected by Dosco's decision.

Now I know, Mr. Speaker, for having seen it with my own eyes on Bell Island even the people who suffered the most from the decision of the company have repeatedly told me that if it had not been for our aid programs on Bell Island—

• (5:10 p.m.)

[*English*]

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, would the minister permit a question on that point? He mentioned Bell Island. Would he advise the house how much notice Hawker Siddeley gave the employees, the municipal authorities or anyone else of their intention to close the operations at Bell Island?

Mr. Marchand: I cannot answer that question offhand, Mr. Speaker, but I shall try to find out the length of the notice given.

An hon. Member: It was two weeks.

Mr. Marchand: I am told it was two weeks. Well, that is not an improvement.

[*Translation*]

So, Mr. Speaker, I know that on Bell Island our programs have helped to relocate people. They have helped them through an extremely difficult period. I hope we do not have to resort to them at Sydney. But I will simply say to the house that if we have to, everything is ready to help the workers who will be affected.

At the present time, we have 1,840 available places for occupational training, which were negotiated with the Nova Scotia government. Obviously, if we add to this the 3,000 workers from the steel mills, we shall have to negotiate another agreement and we believe that we can help a lot and improve this situation still more because in that area of the country, there are facilities to give more occupational training and to increase the number of students.

But all this is like a little balm on a wound. I do not consider that an ideal solution and I should not like to take the hon. members' minds off the basic problem raised by the closing down of this company in the circumstances we all know. I can only assure the house that we are ready to put all our programs at the disposal of the Dosco workers at Sydney.

I conclude this brief intervention because the Minister of National Health and Welfare (Mr. MacEachen) will certainly deal with the matter in a more elaborate way. I only ask the hon. members to remember these two points:

First, do we have a satisfactory plan in case the closing down of a business destroys the whole economy of a community? What means do we have with which to correct a situation such as the one in Sydney which is of a special type?

Second, in the case of technological changes which affect workers and of the closing down of a business, what notice should the employers give to prepare the community and to allow us to take steps to help the people?

Naturally, we cannot hope for an ideal society in which no changes would occur. A fully developing economy inevitably brings about changes, and these should not be rejected. But we must find the means to help the victims of these decisions made by boards of directors.

Mr. Speaker, in this particular case, I find it absolutely immoral on the part of a company to refuse to meet the duly appointed representatives of the governments and the workers to discuss their problem.

I must admit that on hearing of the negative answer of the company, I shuddered as I did a few years ago when I was working with labour unions. In any event, it means that all is not lost, that there is still some hope.

We will therefore do what we can in the department, in the hope that on a more general plan, we can find an adequate solution for the people of Sydney.

[*English*]

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, would the minister accept another question, please? I have listened very intently to his remarks. It would appear from the minister's statement that he accepts as a *fait accompli* the ultimatum that the plant will be closed. I may have misunderstood the minister, but will he not continue to do what he can in his position as minister with his colleagues in the cabinet to keep the plant open for at least a period of years until we are able to provide alternative employment?

Mr. Marchand: Mr. Speaker, I do not think we have the authority to make the company change its mind. A company can close its plant whenever it feels it should. Of course, we can decide to reopen it, but we cannot prevent the company closing it. I do not know under what authority we can do that.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, in a short period of time I just wish to endorse the suggestions and submissions made by my colleagues, the hon. member for Cape Breton South (Mr. MacInnis) and the hon. member for Cape Breton North and Victoria (Mr. Muir), on this very important matter. I listened very intently to what the two members on the treasury benches who spoke had to say. I made notes on the remarks of all the speakers who preceded me. I believe that some of the suggestions and submissions they made are most interesting and should be taken into account at this time.

As has been pointed out by the hon. member for Cape Breton South, the Sydney steel plant is the only basic steel plant in the Atlantic area. It is important not only to the Sydney area but to other areas of the province of Nova Scotia and undoubtedly to other areas in the Atlantic provinces. As the hon. member for Cape Breton North and Victoria suggested, there are in my constituency the Trenton plants which are owned by the company that owns the Sydney steel plant. There are several industries operated by the

Hawker Siddeley group, including the Eastern car company, the Trenton steel works and Trenton Industries Limited.

• (5:20 p.m.)

I suggest that the company which would be most affected by the proposed closure would be the Trenton steel works where axles are made for railway cars. This is the only company in Canada which makes axles, and the ingots and billets are taken from Sydney to the Trenton steel works. There one of the largest hammers in Canada and indeed in North America pounds these ingots and billets which are then sent on for finishing. The closure would be important to many employees in my area working in the axle-hammer department and the axle-finishing department, and in the marine forging and marine finishing departments which carry out heavy forging of products such as propellor shafts for ships in this country. Undoubtedly the people in my constituency as well as the people of the Cape Breton area and indeed in the whole of the Atlantic region are most apprehensive about this proposed closure.

The hon. members for Cape Breton South and Cape Breton North and Victoria have always been in the forefront in bringing forward suggestions of importance to their area. They have been most vociferous, and properly so, in speaking for their constituents ever since they came to the house. It has indeed been a pleasure to be associated with these two members who have done so much for their constituencies. It was suggested by these gentlemen that since Hawker Siddeley is a British Company it should take some responsibility for the proposed policy of Dosco. I think the *Globe and Mail* of this morning contained a very good article with reference to this matter. When the present chairman of the Hawker Siddeley group, Sir Harold Hall, came to Canada in the last few days he was asked whether as head of the Dosco parent company he could explain why the steel operation was being closed. He said:

> This is happening in Canada, not England. I am afraid I must refer you again to Montreal.

I suggest that if a company, regardless of where it comes from, buys a Canadian company and establishes a policy of employment, or in this case a policy of unemployment, then it must be ready to stand behind such a policy and be responsible to the Canadian government and to the people in the areas where the industry is located. The senior Canadian officials of the company obviously had to abide by what was dictated by the directors of the parent company. If such was the case, then let the officials of the parent company come here and speak out and bear the responsibility for what they have done. Let them come to a meeting. I think the Minister of National Health and Welfare (Mr. MacEachen) as well as the officials of the government of Nova Scotia would be very happy to meet the officials of the company, not only those in Canada but those of the Hawker Siddeley group in England, and I hope this will be done.

As has been said, Cape Bretoners and people generally in the Atlantic area have been apprehensive about what would happen under Hawker Siddeley. I remember that in 1957 there was much apprehension both in my area and in Cape Breton. I remember that municipal officials met with many people in Sydney as well as in my area and repeated what the company had said before the board of trade in Sydney as to what they could do for the area. I am afraid this is not what happened. The article in the *Globe and Mail* contains the following statement:

> Cape Bretoners have feared mill abandonment for decades, particularly in recent years as they have watched Dosco close mine after mine in Cape Breton, pull out of coal mining in Cumberland county on the Nova Scotia mainland, and abandon all but one mine in Pictou county. It closed its limestone quarrying operations and iron ore mining in Newfoundland while opening a new steel fabricating plant in Quebec. The Hawker Siddeley group took control of Dosco in 1957.

What I cannot understand, along with the former and present premiers of Nova Scotia as well as many other people including the federal authorities, is the reason for this rapid change. It has been said many times by Dosco that the Quebec mill at Contrecœur would be a boost for Sydney and would provide a new market for basic steel. The present premier of Nova Scotia has stated that this proposed closure is an incredible change of attitude.

I listened with interest to what the Minister of Energy, Mines and Resources (Mr. Pepin) has to say, particularly with regard to the joint report of the voluntary economic planning board of Nova Scotia, the Atlantic Development Board and Dosco as well as some federal officials. I have not read the report but I would like to. The minister said that some parts of the report lead one to believe that the industry still has a chance. This is what I cannot understand. It seems very strange that immediately after this report was tabled this company should have come to the federal officials and to the Nova

Scotia government and said "We are closing this plant". I know that as soon as this report was made the voluntary economic planning board of Nova Scotia set up a committee headed by Rev. J. H. MacNeil of the extension department of St. Francis Xavier university to study the report fully. I think there is still time for it to be studied.

As suggested by the hon. member for Cape Breton North and Victoria, interim steps should be taken. I am not sure, however, whether this should involve taking Hawker Siddeley into the Cape Breton Development Corporation. I think this should be looked into and the report should be studied very closely to find out whether anything can be done to keep this plant open.

I note that in the press release the present chairman of Dosco, Mr. Emmert, stated that the steel mill at Sydney has become outdated by reason of technological developments. As has been suggested by the hon. member for Cape Breton North and Victoria, some questions should be asked such as what was done to keep the plant at Sydney updated and to make it competitive. Surely there must have been reasons other than location which must have made this plant non-competitive in the basic steel industry of the area and indeed of Canada. I think many questions should be asked of these officials and I suggest that pressure should be applied to bring about a meeting with the officials of Dosco to find the answers to these questions.

I was interested in the suggestions put forward by the Minister of Manpower and Immigration (Mr. Marchand). He asked several very interesting questions such as how much notice should be given by a company in such a situation and whether legislation should not be drafted to ensure that companies cannot carry out proposed closures of plants as is being attempted in this case. He asked: How can we remedy the situation? This is the type of question which should be posed. I am reminded of the situation in the Bell Island area and I know what the hon. member for St. John's East (Mr. O'Keefe) went through at that time.

I believe that what is happening now in Sydney is a test case which must be watched very closely and which may set a pattern for other closures throughout the country. I do not have the statistics with me but the Sydney plant, with its employees and its ancillary services, has a great bearing on the economy of the province. A comparison could be drawn, for instance, with areas such as Ottawa if the civil service were to be removed from this capital city.

I think the hon. member for Cape Breton South put forward the case very well. The hon. member for Cape Breton North and Victoria suggested that perhaps on an interim basis the powers of the Cape Breton Development Corporation should be extended to enable it to assist the Sydney steel plant. I believe this possibility should be considered. I think that employment in that area is of great importance.

• (5:30 p.m.)

I submit, Mr. Speaker, that no useful purpose will be served by standing here and criticizing people. I feel there should be a meeting between the federal government, the provincial government, the various agencies involved and the people of Dosco or Hawker Siddeley as soon as possible to look into this important matter. I know, as the Minister of Energy, Mines and Resources has pointed out, that attempts have been made to aid the Cape Breton area. I am thinking of other things that have been started which he mentioned, such as the ARDA study of the nine northern counties. I believe this study should be accelerated and a plan implemented. Not long ago I asked the Minister of Forestry and Rural Development (Mr. Sauvé) about this program and he said it was being studied closely by the officials of the government of Nova Scotia and his own department. I hope a plan will be accelerated.

In so far as the coal mining industry of Cape Breton is concerned, the government set up the Cape Breton Development Corporation which will supervise the phasing out of this industry over a number of years. At least in that case some warning was given of the proposed action. In this case there has been practically no warning and the action should not be permitted.

As I have said, I believe a meeting should be held and a number of questions should be asked the representatives of this company. They must be reminded, as the Minister of Energy, Mines and Resources stated, that they not only have a legal but a moral obligation to the area. We should ascertain what the legal obligations are because we know what the moral obligations are. The matter is important not only to the province of Nova Scotia but to the whole Atlantic area. This company is one of the large companies in Canada. I hope such a meeting will be held

within the next few days and that the company will send representatives to such a meeting.

As I pointed out earlier, assistance from ARDA, the area development agency, the Atlantic Development Board, and various agencies such as Nova Scotia's Industrial Estates is good. They have done a lot and I hope will do much more. The steel industry has a high labour content. It is most important not only to secure new industries but to retain present ones. I repeat, therefore, that I hope such a meeting will be held as a result of which many questions will be answered and the law laid down to this corporation.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, there is no doubt whatever in my mind, after listening to those who have spoken already, that the House of Commons will want the government of Canada to be as helpful as possible and proper to the government of Nova Scotia and to all others immediately challenged by the decision announced by Dosco last Friday. In any examination of what will have to be done in these circumstances, the point of departure must be the report issued in September, 1967, as the result of a study of the Sydney steel industry by the voluntary economic planning board of the government of Nova Scotia. I should like, therefore, to put before hon. members the basic observations in that report.

Evidently the question raised was whether or not diversification of the steel-making operations at Sydney would be warranted. In no place in the report is it stated that this is the question on which the focus is concentrated, but I think if one reads the report carefully it will be clear that this was the topic to which those making the study were directing their attention chiefly. The answer to that question was in the negative.

However, the report is based on the assumption that the present operations at Sydney are economically sound, and it was made as late as September, 1967. It was prepared with the co-operation of high officials of Dosco who made available information which, because it concerns the company's competitive position, was not made public. In other words, this is a report prepared with the co-operation of Dosco and issued with the approval of Dosco. On pages 21 and 22 of the report we find the very question that is before this house this afternoon. I quote:

> What, then, are the future prospects for steel making at Sydney? The mill has a continuing but irregular demand for rails, which cannot be expected to increase but which may continue to provide a useful source of sales. In addition the Atlantic provinces provide a small but growing source of demand for such rolled products as concrete reinforcing bars and small structurals which Sydney can provide. Thirdly, there is an existing captive demand for billets and ingots from Dosco's mills in Quebec. While a general slackness in business has recently reduced this demand, it should revive with improved business conditions and expand considerably as the flat rolling mills are brought fully into commercial operation. Sydney can be expected to continue to supple ingots and billets to Contrecoeur for many years provided it is economic to do so. More specifically it will continue at long as the current production costs plus freight are less than the variable and fixed costs including capital charges of new steel-making facilities at Contrecoeur.

It is quite clear that the basic assumption is that the basic operations at Sydney are at the moment economically viable. Despite that assumption, I think we have to recognize that the analysis of steel making at Sydney was sombre and depressing.

What the report states in this connection is that whereas 50 years ago the proximity of a steel mill to coal and iron ore was the basic consideration in determining whether or not a mill in a particular location was economically sound, this is no longer the case. The reason for this is that new technology has reduced the amount of coal that is necessary to produce a ton of finished steel, and the discovery of high-grade ores along with techniques for refining low-grade ores has made it economically possible to bring the ores to mills situated far away from the source of these ores. Moreover, the importance of scrap in the steel-making process has tended to act as a magnet to draw steel production toward centres of population.

Of course, when you take into consideration two additional factors I think you see how serious was the problem that concerned the voluntary economic planning board. One is that the coal in the Cape Breton mines came to be of increasingly little value for steel processing because of its high sulphur content. Then the discovery of iron ore bodies elsewhere tended to make reliance on Wabana unnecessary and, indeed, put Bell Island out of business. The report says that the logical location for steel production today is not where the raw materials are but close to markets.

Now, unfortunately, markets in the Atlantic region are small. The report says that in 1966 Nova Scotia had about 10.2 per cent of Canada's steel production capacity but that the steel products made at Sydney and consumed in the Atlantic region amounted to

only about 1.8 per cent of Canadian production. The report points out also that today the most successful steel-making operations are those which are able to sell a large part of their product within approximately 200 miles of their plants. In other words, the steel-making operation at Sydney was not in a very competitive position except in so far as rails and ingots and billets were concerned. In so far as its other products were concerned, it was likely to be what they call a residual producer for the rest of Canada. When the company exported to other countries it would find itself competing, not with the domestic steel-makers of those countries, but rather with other countries in which production costs were relatively low.

• (5:40 p.m.)

It is for this reason, Mr. Speaker, that the report comes to the conclusion that steel-making in Sydney would go on based chiefly on production of rails, ingots and billets for use by Dosco and possibly by Sidérurgie de Québec at their flat rolling mills in the St. Lawrence valley, in addition, of course, to supplying the relatively small market in the Atlantic provinces.

Evidently, Mr. Speaker, since the time Dosco participated in the preparation of this report they have come to the conclusion that this basic operation is beyond their capacity, that even these limited objects are beyond the capacity of the owners of Dosco. When I say they have come to the conclusion that these objects are beyond their capacity, what I mean is that they have come to the conclusion it is not profitable for them to continue production at Sydney, that they can take their capital and their managerial skills and employ them more profitably elsewhere. But this does not necessarily mean that they cannot make money at Sydney.

There are certain questions, Mr. Speaker, that I think we all ought to consider seriously when we look at the problem created by the announcement of Dosco. First, there is the intimation by Dosco that they will incur losses. In this connection I think that a meeting between company officials and provincial and federal government representatives would be most useful.

I should like to refer to the press release put out last Friday by Dosco. On page 2 of the press release appears the following:

> Mr. Emmert's statement continued, "We are keenly aware of the impact our decision will have on the mill's employees, the Sydney community and the province of Nova Scotia and deeply regret that no other course is available within the corporation's abilities. Neither Dosco, nor Hawker Siddeley (Canada) Ltd., which owns 77 per cent of the corporation, can continue to absorb losses of the magnitude now being incurred." Dosco has reported losses, before income tax adjustments, of $4.3 million in 1966 and $6.4 million in the first six months of 1967.

Does that mean, Mr. Speaker, as one might think on superficial consideration, that Dosco is losing all this money in steel-making at Sydney and on the crude steel from Sydney that is used at Contrecoeur? Does it mean that the whole Dosco enterprise is losing a considerable sum of money? Are we being told that the Dosco operation generally is inefficient, and that because of this general inefficiency the company is now unable to continue at what it may regard as its least profitable base, namely Sydney? These questions have to be answered because they bear directly upon what ought to be done by the province of Nova Scotia, and anyone who wishes to be associated with the province of Nova Scotia in this, in facing up to the social problem created by the Dosco announcement.

I think that if the representatives of Dosco and Hawker Siddeley (Canada) Ltd. are not prepared to come to a public meeting and explain frankly what they mean—to put the residual heirs, if I may use that word in this context, into the economic picture in regard to their Sydney operation—it would be quite within the rules of propriety for the assembly in Halifax to summon before it the representatives of the corporation to explain precisely what these statements that have been put out mean.

I agree entirely with the hon. member for Pictou (Mr. MacEwan). I think there will have to be a public examination of at least the basic facts. It may be necessary also to ask the company to give information privately that would be helpful to those who are going to take up the problem from which Dosco appears determined to flee.

That is one question, Mr. Speaker, and a second question concerns the continued operation of the plant. I think it would be ridiculous to suggest that this operation can be closed out in six or seven months. This is an utterly ludicrous proposal. I am sure that everyone who has any obligation in this matter will see to it that the communities concerned simply do not have to deal with the kind of dislocations that would inevitably be entailed within this short period of time. It is utterly unthinkable that almost the entire industrial base of a city of considerable size should be closed down almost as if it had been hit by enemy attack.

I am not in a position, because I do not have the economic facts, to say whether or not this plant ought to be continued in operation over many years, but I think it is appropriate for the layman to say that it is ridiculous to suggest that within half a year, and starting immediately, you can cut off the economic foundations of an entire community. The plant simply has to stay open; it is as plain and obvious, I think, as that.

Connected with the question whether or not the plant should stay open is a third question. I think that the speeches which have been made here this afternoon reveal that there is very little confidence among the members of this house, at least among those who have spoken, in Dosco. The arrangements for the future ownership and management of the plant are not a question that I think I ought to prejudge. That is largely a question to be answered by the members of the Nova Scotia assembly.

• (5:50 p.m.)

It is now clear that the financial assistance that may be necessary to keep the plant open ought not to be placed largely under the unguided control of Dosco. I do not want to prejudge the question of provincial nationalization of the company, but it well may be that the assembly can find that it has no real alternative. Nationalization would create great problems—let there be no doubt about that—particularly when one came to market the product, unless one could make an agreement with Dosco to use the Sydney production at its Contrecoeur flat rolling mills. Yet the problem of the Sydney community simply cannot be pushed aside because of the difficulties that would attend provincial nationalization.

The hon. member for Cape Breton North and Victoria referred to the matter of transportation. The report on Sydney steel-making makes one realize that in the view of those who wrote the report the costs of transportation are most important. I am not at all satisfied that we ought not to take a much closer look at this aspect of the problem to see if something can be done in this area to render more viable the operation at Sydney.

Another point that ought to be emphasized is the question of pushing ahead as rapidly as possible at the Strait of Canso. The Minister of Energy, Mines and Resources referred to this development as one of the new foundations for the society of modern Nova Scotia. I think he is correct. But you know, Mr. Speaker, there is a remarkable contrast between the way a private company can close down a business and the way government departments go about opening up an area. Private companies seem to snap their fingers, make their decisions and close plants within weeks. It seems to take months or years to get anything as attractive as the economic development of the Strait of Canso area well under way. There should be, I think, a good deal of co-operation between the government of Canada and the government of the province of Nova Scotia in the Strait area immediately, particularly if it is clear that in the long run the steel-making operation cannot be continued.

I wish to put one final point before the house, Mr. Speaker. When I spoke in the house on October 3, 1967, about the housing question I said that there comes a point at which the savings made by concentrating industry are outbalanced by the costs of concentration. That point, I think, ought to be borne in mind by governments as they look at the questions posed by the Dosco announcement concerning steel-making at its Sydney plant. It is easy to say, "All right, Dosco has made its decision. It has decided that for it this is not the most profitable way to invest its resources. That is the economic decision and that is the decision that should prevail." But, I ask you, sir, how many indirect subsidies will go to steel-making elsewhere, whether at the managerial or employee level? In the long run, what is the most economical approach for the Canadian taxpayer? Which bill will be bigger for the Canadian taxpayer? Meeting the costs of making life tolerable in great metropolitan conglomerations or making it possible for steel-making to continue in Sydney, thereby making possible the continuation of that city?

I do not think the answer to that question is obvious at all. Those who rely simply on allegedly economic arguments when dealing with such questions often deceive themselves and thereby penalize the Canadian taxpayer.

Mr. MacLean (Queens): Hear, hear.

Mr. Stewart: In other words, I suggest that we in this house ought not to prejudge the question of the long-term operation of the Sydney plant. Neither ought we to prejudge the question of the organization of management and ownership, because those questions legitmately belong elsewhere. I am saying to this house that we must be prepared as a national body to make available to the province all the assistance that we properly can,

and in doing so we must not be guided by the specious notion that simply because a company decides it can invest its resources elsewhere more profitably, it is not wise, in the national interest, to make possible the continuation of an operation where over the years that operation has maintained a satisfactory society for those who have lived in it.

Mr. Knowles: May I call it six o'clock?

Mr. Speaker: It being six o'clock, is it the wish of the house to suspend private members' hour?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: On the understanding that this evening there may be adjournment proceedings, depending on whether the motion before the house carries or is withdrawn, the following questions will be considered at ten o'clock: the hon. member for Sherbrooke (Mr. Allard), Television—inquiry as to agreement between C.B.C. and Quebec government for educational broadcasts; the hon. member for Kootenay West (Mr. Herridge), Health and Welfare—resolution from British Columbia respecting tobacco advertising; the hon. member for New Westminster (Mr. Mather), Canadian confederation—suggested survey to ascertain Quebec opinion.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

INDUSTRY

CLOSING OF NOVA SCOTIA STEEL PLANT—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

The house resumed discussion of the motion of Mr. MacInnis (Cape Breton South).

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, like other hon. members who have spoken today I welcome your decision to grant an adjournment debate on the important question placed before you in the motion presented by the hon. member for Cape Breton South (Mr. MacInnis). As Your Honour indicated this afternoon, I too sent you a notice of motion on the same subject, so that had the hon. member for Cape Breton South not moved his, you would have had a motion before you in terms which I might be permitted to place on the record, namely, that there be an adjournment of the house under standing order 26—

—for the purpose of discussing a definite matter of urgent public importance, namely the recent announcement that the steel plant of the Dominion Steel and Coal Corporation at Sydney, Nova Scotia, is to be closed in 1968, and the need for an immediate statement by the government as to the steps it will take to make sure that this mortal blow to the people and the economy of Cape Breton Island does not take place.

I thought I would like to read that motion, not only to place on the record the terms in which we would have presented it, but to emphasize the fact that we feel, as I now sense all members of the house do, that this would be a mortal blow to the people of eastern Nova Scotia, if the basic steel industry were shut down on Cape Breton Island. We feel it is not only important that parliament be allowed to discuss this matter today, but even more important that the government take action, and take action soon.

I must say that I was quite disappointed in the approach to this problem taken this afternoon by the Minister of Energy, Mines and Resources (Mr. Pepin), but before I comment on what he said today I should like to draw attention to something else that I think calls for an explanation. He told us or shall I say he confirmed in the house this afternoon what we read in the press over the week end, namely that the Hawker Siddeley people met with certain members of the government, including himself, last Thursday to inform them of the intended action of Dosco at Sydney. It was made quite clear this afternoon that the Minister of Energy, Mines and Resources knew on Thursday last that the steel mill at Sydney was to be closed in April, 1968. Yet on Friday last, as recorded in *Hansard* at page 3064, the hon. member for Cape Breton South put this question to the Minister of Energy, Mines and Resources:

Could the minister indicate when he expects that the board of the Cape Breton Development Corporation will be appointed, and when they will begin their work?

Let me now read the answer and the rest of the exchange.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Some time next week, Mr. Speaker.

Mr. MacInnis (Cape Breton South): A supplementary question, Mr. Speaker. Is the minister aware of any conditions that may be developing which will worsen the task of this board?

Mr. Pepin: I am sorry, Mr. Speaker; I did not get the question.

Mr. MacInnis (Cape Breton South): Is the minister aware of any conditions that are developing which may worsen the task with which this board is faced?

Mr. Pepin: No, Mr. Speaker.

Mr. Bell (Carleton): Shame.

Mr. Knowles: I find it hard to understand that the Minister of Energy, Mines and Resources could know on Thursday that the Dosco steel mill was to be closed in April next, yet on Friday could say to this house that he knew of nothing that was going to worsen the problem faced by the Cape Breton Development Corporation. I suggest to you, Mr. Speaker, that he knew not only something had taken place which would worsen the problem but he knew of something which would make it practically impossible for the corporation to function at all, under the terms of the legislation given to it by the parliament of Canada.

However, Mr. Speaker, the main response of the minister this afternoon, apart from his interesting account of things that have been done in recent years in the Cape Breton area, was to write off quickly the only positive suggestion made, namely the suggestion of my colleague from Winnipeg North (Mr. Orlikow) which was a repetition of the proposal we made last June and earlier, that the entire Dosco operation should be nationalized. The minister was ready with a quick answer. He said that the hon. member for Winnipeg North was ready with an answer—instant nationalization; and the minister's comment was supposed to get rid of the hon. member's suggestion.

I suggest, Mr. Speaker, that the saddest thing that took place this afternoon was the way in which the minister made an instant rejection of the only positive suggestion that has been made for coping with this problem. He stood in his place and told us that there are certain difficulties in connection with nationalization. Of course there are. The difficulties he recited, however, were mainly with regard to the question concerning what would happen if the government were to nationalize part of an industry; that is, where would it stand with regard to the other part of that industry or with regard to other industries in Canada?

• (8:10 p.m.)

Does the minister not know that in Canada today we own publicly the Canadian National Railways but that we do not own all the railways in Canada? Does he not know that we own publicly Air Canada but that we do not have a complete monopoly over the air industry in this country? Does he not know that we the people of Canada own the Canadian Broadcasting Corporation but that we do not own C.T.V.? Does he not know that we own publicly the Polymer Corporation but that that has not put the other rubber companies out of business? Does he not know that we the people of Canada own the government printing bureau which turns out some of the finest printing done in North America but that this has not put the other printing companies in Canada out of business? Does he not know that the telephone industry in this country is partly publicly and partly privately owned?

I suggest it was sheer nonsense for the minister to negate the suggestion that we could nationalize part of an industry. The government of Canada and the governments of the various provinces are engaged in all kinds of businesses and services. Surely the minister, from his academic experience if from no other, knows that around the world where developing countries are trying to cope with their problems, particularly in areas where things are difficult economically, public ownership, nationalization and socialization are the answers people have to resort to. I believe that rather than cavalierly dismiss the suggestion from this corner as being instant nationalization and something which could not be considered, the government ought to take it into consideration.

I thought the hon. member for Antigonish-Guysborough (Mr. Stewart) was a little embarrassed by the quick and ready way in which his ministerial colleague dismissed nationalization. Therefore he filled in a bit by suggesting that maybe provincial nationalization might be considered. Does he not realize, when we are talking about nationalization at this point, that the Cape Breton Development Corporation has been set up and that it is a federally incorporated crown company which already has been given power by parliament to nationalize and take over the coal operation? Does it not seem the part of logic and common sense that if we are to have nationalization in the same area, in another operation of the same company, that it would be far better for it to be nationalization at the federal rather than at the provincial level? However, I do not wish to be too hard on my friend from Antigonish-Guysborough, because he at least made up for the way in which the

Minister of Energy, Mines and Resources dismissed the whole question of nationalization.

Does the hon. member wish to ask a question?

Mr. Stewart: Mr. Speaker, I should like to ask the hon. member a double barrelled question. First, in view of the illustrations he gave, does he not recognize that there is a difference between nationalization of an industry such as steel making, producing for the general market, and the nationalization of a utility which, by definition, has a fixed clientele? Second, I should like to ask him whether he wishes us to consider steel making in the island of Cape Breton on a par with the peculiar situation in respect of coal mining in that island, which of course, had to be assisted in respect of transportation and which in the past was a part of a great national industry, but is now the remnant of a great national industry, a condition which does not exist in respect of steel making?

Mr. Knowles: Mr. Speaker, I welcome the two questions. The hon. member seems to think that public ownership thus far is only in the field of utilities and never in the field of services or materials. I suggest that the Polymer Corporation which is in the business of producing rubber, Atomic Energy of Canada Limited and the printing bureau are providing not just services but actual goods. I suggest there are many examples of public ownership in fields other than so-called utilities such as light, power and so on. As a matter of fact I think it is a pretty thin line to draw, so far as the railways are concerned, as to whether this is purely a utility or a service.

The other question the hon. member asked me is one I particularly welcome. He wishes to know whether I should not distinguish between the coal operation and the steel operation in Cape Breton Island. The main point I wish to make, and the main point we in this group have been trying to make for a long period, is that one must look at the problem in Cape Breton Island in its entirety. To put it in the simplest and most understandable terms, I think there should be a T.V.A. type project instituted in Cape Breton Island. We think it is tragic and indeed a crime that there are still in Canada as many depressed areas as there are. I believe it would be a crime if we were to sit idly by and let another such area develop in Cape Breton Island. If the government were to step in with a T.V.A. type plan, the whole of Cape Breton Island could be made a model community. We think the government should try to do a full dress job in Cape Breton Island.

Mr. Stewart: Does the hon. gentleman include my constituency and the constituencies west of mine in this Tennessee valley type of arrangement? Will all Nova Scotia be nationalized? Where will the line be drawn?

An hon. Member: It is all integrated.

Mr. Knowles: If necessary, yes; wherever there is a depressed area I say that this principle would apply. If the hon. member and the minister say that doing this in one area would make it necessary in another area, then that is precisely what I would like to see. It would be a crime on the part of the Canadian government and it would be a crime on the part of the Canadian parliament if we did not prepare for action in this important field, particularly if the alternative would mean that Cape Breton Island would become a ghost island, a place with natural beauty but where the people are in poverty and without jobs.

One does not like to engage too often in the game of "I told you so", but I think we must remind this government of the efforts we have made, as recently as June of this year, to get the government to face up to the question of tackling this entire problem. Earlier today the hon. member for Winnipeg North (Mr. Orlikow) quoted a little of what the Minister of National Health and Welfare (Mr. MacEachen) had to say—and we are still waiting for his speech today—when he pointed out that in his view to give steel to the Cape Breton Development Corporation would place upon it a responsibility not likely to gain public support at the present time. But, having said that, at page 1578 of *Hansard* of June 15, 1967, the minister went on to say this:

> I have no authority to dictate to the corporation, but it is inconceivable to me that a corporation entrusted with such responsibilities could avoid taking a keen interest in the future of a major employer in the area, namely the steel industry. But that of course is a long term function or job facing the corporation, and the corporation will not be in a position to influence the immediate problem facing the steel workers of the island of Cape Breton.

• (8:20 p.m.)

We had been pleading with the government to look at the whole problem. The Minister of National Health and Welfare (Mr. MacEachen), a member of the federal cabinet from the province of Nova Scotia, said he could not conceive of a corporation such as

Dosco not being concerned about its steel workers, and that in any case it was a long range problem. He made it very clear that as far as he was concerned, under the interpretation of the present legislation for the Cape Breton Development Corporation, the government did not have wide enough authority to cope with all the problems of the steel workers.

It was precisely because this was made clear to us, and that this legislation was then concerned about coal but apparently not about steel, that we in this party made the speeches we made at that time and moved an amendment to enlarge that bill. Some very significant if not prophetic words were uttered by the leader of this party, the hon. member for Burnaby-Coquitlam (Mr. Douglas), on June 15 as recorded at page 1582 of *Hansard*. Let me quote some of his words:

> The minister said a few moments ago that to include the steel industry in this development corporation would not gain widespread support. I do not know on what the minister bases that statement. If there is one thing the government ought to learn, it is that the art of governing is the art of foreseeing. It is not a matter of waiting until the government is pressed into doing something. It is a matter of the government seeing the signs that are all about it that the steel industry in Cape Breton island is in trouble. The government should not wait until the steel mill is closed, but should do something about it now.

That was our plea in June, a plea we made not only in speeches by the hon. member for Burnaby-Coquitlam and the hon. member for York South (Mr. Lewis), but one that we put to the house in the form of an amendment moved by the hon. member for York South to clause 23 in an endeavour to get the rights of the corporation enlarged so it could go into the other industry rather than just coal, namely steel.

When that amendment was moved on June 27, as recorded at page 2308 of *Hansard*, the Minister of National Health and Welfare immediately rose on a point of order. I have reread his statement on the point of order and there is no doubt that it was a point of order speech. However it also reflected his belief that this was the kind of thing that should not be done, that steel should not at this point be brought under the aegis of the Cape Breton Development Corporation.

After a procedural debate which took up five or six pages in *Hansard* the chairman of the committee of the whole rules that the amendment was in order and a vote was taken. This was one of those votes that do not require ringing of the bells, so only those members present voted. The motion was defeated 61 to 27, and if I recall corretly, some of those who voted with us for public ownership in this field were the members from Cape Breton to my right. However, as the hon. member for Cape Breton North and Victoria (Mr. Muir) said today, even private enterprisers believe there comes a time when public ownership is desirable.

It can be said, and I know it will be said, that in the house today on this issue all of us have reflected our points of view. The hon. member for Villeneuve (Mr. Caouette) spoke mainly about what the Bank of Canada might do. The hon. member for Okanagan-Revelstoke (Mr. Johnston) put in his pitch that this debate should not be used to pillory private enterprise. We are arguing for public ownership and members on the government side are arguing against it.

An hon. Member: They are arguing against doing anything.

Mr. Knowles: Some are arguing against doing anything and this happens, but we do reflect our points of view and that is why we are here in party groups. However, on this particular issue it has become clear that unless we do go in for an extensive practice of public ownership or national ownership for Cape Breton Island, the island is going to become not the place of natural beauty it has been but a depressed area so far as the people who live there are concerned.

I was also concerned and disappointed with the statement made today by the Minister of Manpower and Immigration (Mr. Marchand). He started out fine, and I thought our friend had turned into a trade unionist again, when he referred to social responsibility on the part of big corporations, and when he told us how immoral it was for big corporations not to take into consideration the rights of those people who work for them. That part of his speech was excellent and deserved the applause it received. But I could not help wondering what the government of which he is a member has done about the Freedman report which deals with this matter. The government has had that report for some time.

After the minister had completed this nice little lecture, with which we all agreed, he had a little salve for certain wounds, and was happy to announce that his department would do its best to come forward with alternative arrangements for those who would be put out of work. The hon. member for Cape Breton North and Victoria then asked whether there was to be a revival of the recommendation of

the Gordon report that these people be assisted to move out of Nova Scotia. The hon. member for Antigonish-Guysborough (Mr. Stewart) again attempted to correct the mistake of his minister by saying that he felt there were arguments for doing something else than concentrating people in a few big cities. There is a great deal being said these days about national unity. I do not intend to move into a discussion of the aspect of that problem which is uppermost in our minds these days, but surely one of the things we must accomplish if we are really going to have national unity is equal economic conditions and equal economic opportunities across this country. It is not good enough to give short notice to the workers of Air Canada at Winnipeg that they are going to be out of jobs, and not good enough to give even shorter notice to this larger number of workers in Cape Breton that their jobs are disappearing, and that they will have no opportunity to maintain any kind of decent life in that beautiful Cape Breton Island.

Let me say again that we are all obliged to you, Mr. Speaker, for your decision to permit a discussion of this matter today on the motion moved by the hon. member for Cape Breton South (Mr. MacInnis). As one with ancestral roots in Nova Scotia I know something of the untoward economic conditions of that province and what they have done to people in the past. I do not think these things should be repeated. Indeed, we should go further than just stemming the tide of difficulties there. We should seize this opportunity to make the social and economic life of Cape Breton Island that of a model community. This could be done if we just stop worrying about cliches and doctrinaire positions. I hope the seriousness of this crisis will challenge the government of this country to deal with it as it ought to be dealt with, for the sake of the people of Cape Breton Island and for the sake of the good name of Canada.

Mr. J. M. Forrestall (Halifax): Mr. Speaker, let me join with previous speakers during the discussion this afternoon and evening in expressing appreciation to yourself and to hon. members on the benches opposite for allowing the opportunity to discuss at least among ourselves the very serious situation which has now developed in Cape Breton and indeed in the province of Nova Scotia. This is not a problem that finds its beginning and end in the city of Sydney and its immediate environs and neighbouring areas. This difficulty is shared by those on the mainland, in the Trenton industrial complex, and those in the heart of the province right down to an area of which I happen to be one of the representatives, the port of Halifax.

• (8:30 p.m.)

Many observations made this afternoon are very pertinent. I hope that many of the suggestions will be helpful to the minister from Nova Scotia in his discussions next week with representatives of community and industry in their searching, through discussion, to arrive at a resolution of this problem. It is indeed a very serious problem. I believe we all realize this, and that a solution must soon be found. We have had today an opportunity to consider the seriousness of the problem. We have had an opportunity to consider some of the suggestions that have been made. It has been suggested that nationalization is a solution to the problem. The question is, federally or provincially, who can afford to do this?

In the final analysis, having made the decision in this respect, will it guarantee economic feasibility? The industry must find markets for its products. I believe this is a very pertinent question to which the Minister of National Health and Welfare (Mr. MacEachen) and his colleagues must address themselves next week. Hawker Siddeley, in the field of primary production and manufacturing, is the 31st largest corporate entity in the world, outside the United States of America. The sales of this company were last year in excess of $1 billion. These sales were directly attributable to production. We are not dealing with a small, corporate entity. This is one of the largest companies operating in Europe today. If it is to maintain its growth and development, it must continue to be very ruthless. We are not dealing with a company that is flush with funds and can easily raise new capital. Indeed, we must bear in mind the words of Sir Roy Dobson in this context, that as far as the interests of this corporation in Canada are concerned, the company has to be self capitalizing.

It does not take too much depth of knowledge to look at the financial situation of such companies in Canada and their position and be at once a little alarmed. I suggest to the minister from Nova Scotia that his duties are now indeed very serious. This minister now has an opportunity, as he has not had for many years, to show that the present government is capable of responsible leadership. The government can show this leadership in the manner in which they approach the problem.

They can show leadership by the degree to which they keep in the forefront of their minds the very serious situation which would exist in Trenton and the city of Halifax if Dosco continues to find it too difficult to operate in Sydney.

Myself, the citizens of Nova Scotia, the premier of that province, and Dr. MacKeough, who is the chairman of the special committee studying this subject, would be very pleased if the government would clarify the many questions which are in the minds of all people in the Atlantic community. These questions resolve themselves into whether or not there is a viable market for the production of the plant. If necessary, government at one level or another should take steps to see that the industry continues. This can only be done if it is shown that there is a market for the production of this plant.

• (8:40 p.m.)

If this cannot be done, heaven only knows what the answer is. I do not pretend to know. But I do know that if this attitude, which already has been called deplorable—and indeed is—is allowed to continue and go outside the present context so as to embrace the Trenton plant, the Halifax shipyards and the Dartmouth marine slip, it will be a blow to Halifax from which I doubt it will be able to recover in the immediate future.

The port of Halifax is handicapped by an indecisive attitude on the part of this government, which has a fear of or inability to define its policy. This is perhaps the best opportunity of hon. members from Nova Scotia to show concern for the problem and leadership in its solution. Halifax has seen a very serious decline of port activity. We have suffered the very recent deleterious impact of the so-called l.c.l. freight rates. These are just two of the serious problems that affect my area.

These problems are related to the decision of Hawker Siddeley to cease its operations in six months time. The over-all impact of this decision has already been placed clearly on the record. Hon. members have referred to the number of people who will be directly or indirectly adversely involved. People are people. They are human beings entitled to some respect for their human dignity and individuality. The Minister of Manpower and Immigration (Mr. Marchand) this afternoon spoke in glowing terms of a concern for a situation which appears to be developing in Canada. It is the tendency of large corporate entities in this country to make decisions such as this. The minister referred to the Bell Island situation and what is taking place in regard to manpower.

Nobody of course disagrees with what the minister said. He did seem to show a little more concern than has been evidenced by the actions of Dosco or its parent company Hawker Siddeley. This is fine. However, it pays only lip service to a situation we would all like to see exist but which in fact does not exist. The fact is that a different situation exists.

I would caution the minister during his deliberations and talks in the next few days that he should not approach the resolution of the problem at the expense of any other viable economic activity in the Atlantic provinces, but that he should find an answer which works for the betterment of all Nova Scotians, and not simply the resolution of the problem that is facing the people on Cape Breton right now. I am sure the minister will do this, and so will those who will be his colleagues in the resolution of the problem and on whose shoulders a very basic responsibility lies, namely the officials in the provincial government of Nova Scotia. I am sure that together they will find an answer to this problem.

I wish now to go back very briefly to the events of the last week end. At a meeting of mayors and other civic leaders in the Atlantic area held in Moncton at the invitation of Mayor Jones it was said that the whole matter of economic activity in the Atlantic provinces is in serious need of responsible leadership. We have had shotgun approaches to all of our problems in the last five or six years. There has been a great lack of intelligent and meaningful study of what our problems are and how they can be overcome.

The recommendations of the second, third and indeed what appears to be the fourth annual report of the Economic Council of Canada continue to be largely ignored,—so much so in fact that the mayors of our various cities directly involved in the economy of the Atlantic area, in a communiqué issued over the week end, have seen fit to criticize severely the present government for its lack of effective action in areas such as transportation, port development, and the inter and intra regional movement of freight. Perhaps it goes without saying that we in Ottawa must come to some early conclusion—as to just what it is that we intend to do about regional disparity.

We have gone on for many years hoping that time will resolve the problems of the Atlantic area, but there has been no evidence in the last two or three years that we are any closer to even describing the types of problems that are facing us. We are just now seeing the manifestations of one of the great ones in the decision taken by Dosco to close its operation. We must very shortly move to much more meaningful long term answers. If we do not, then I am afraid that the next 100 years will be no better for the Atlantic provinces than the first 100 years.

If the governement opposite has any doubts as to the seriousness of this, I would ask them simply to read tomorrow the words of the hon. members for Cape Breton South (Mr. MacInnis) and Cape Breton North and Victoria (Mr. Muir). What they and other speakers had to say today with regard to the economic and social situation which will be brought about if this plant is not sustained are thoughts that came straight from their hearts, and that were born out of an experience and an awareness of the role which the steel community has played in Sydney. On my part they are voiced because I am aware of the role which Dosco plays in the port of Halifax. I am aware of the fact that if Dosco can so easily withdraw from Sydney it could very easily withdraw from the port of Halifax the only major ship repair facility that we have.

The other indicators of lack of government planning were dealt with very extensively last spring. These involve the attitudes of the government with regard to defence spending. In one sense the attitude of Hawker Siddeley and Dosco toward Sydney is no different from the attitude that is creeping in with regard to our armed forces and our national defence posture. I am not saying whether or not the government is right in its national defence posture. What I am saying is that this need-to-know philosophy, this built-in fear of telling people what must be done, must come to an end. People cannot operate in a vacuum. Industry cannot plan and the supporting services cannot orient themselves if they do not know what is to happen. The best agency to tell them is the government, and it must accept this responsibility. I do not charge the government with anything in particular right now because I think the news has been to them as much of a surprise as it has to everyone else. But I do say to them that if they are to be charged with anything they should be charged with not having known that this was to take place. There were many indicators. The government has been questioned in this house for the last 18 months by the Cape Breton members, but when the news came it came as a great shock. I think the government was remiss in that respect.

So as not to take up any more time of the house, Mr. Speaker, let me close by making one observation, namely that if closure of the mine does in fact take place, it must largely be the consequence of the federal economic, tariff, transportation, and freight rate policies, and other activities.

I suspect that right now there is very little that the province of Nova Scotia can do to overcome the economic problem that has been created, except to provide leadership. I do not know what role it can play in terms of dollars and cents but I do know it will have to be limited. Unless the matter is properly resolved, perhaps in the final analysis we must ask the following question, as did the *Chronicle-Herald* of today's date in the lead editorial:

> The question that Nova Scotians must ask themselves, and the federal government also, is, are we Canadians deserving of the same treatment as other regions of this great and wealthy country?

I suggest that the onus of answering that question to the satisfaction not only of the people in Sydney but of the entire Atlantic community lies largely in the hands of the committee of the cabinet which has been established to look into this problem, in the degree to which it will co-operate with the corresponding group set up by Hon. G. I. Smith in the government of Nova Scotia, and the degree to which it co-operates with the communities in Cape Breton which are directly involved, and with the company itself.

• (8:50 p.m.)

An answer must be found, Mr. Speaker. I feel it would be safe to say that the majority of Nova Scotians have been saying some silent prayers the last few nights. I will say one or two for them, too, in the hope that an answer can be found to this dilemma that is facing us now.

Mr. H. A. Olson (Medicine Hat): At the outset, Mr. Speaker, I should like to commend you for the decision you made earlier today allowing the motion to adjourn the house—

Mr. Speaker: Order. May I bring to the attention of the house the fact that it is not in order for hon. members to commend the Speaker for a decision.

Mr. Olson: Then, perhaps I may be permitted to say that I think the kind of situation that arose last week end is the kind of situation that ought to be debated in this house under standing order 26. I want to say that this debate so far has assumed an air of unreality, because while hon. members in all parties have expressed deep concern about this serious problem in Cape Breton, thus far I have been unable to detect any suggested solution whatever, except from the members of the New Democratic party who always have the instant solution: nationalize. You just take over the industry and let the government run it.

Mr. Douglas: That is what you did with coal.

Mr. Olson: I wonder if hon. members opposite are prepared now to withdraw the amendments they moved to the budget debate. For example, the Conservatives moved an amendment criticizing the government for its refusal to reduce taxation and for recklessly increasing expenditures. Then the N.D.P. moved a subamendment aimed at reducing income taxes. Now they come along with a suggestion to increase expenditures, and that is the only solution that has been advanced for dealing with this serious matter.

Now, Mr. Speaker, I suggest to you that the only constructive suggestions that have been made so far were made by the Minister of Manpower and Immigration (Mr. Marchand) and the Minister of Energy, Mines and Resources (Mr. Pepin). They stated very clearly that the government is prepared to co-operate with the government of Nova Scotia in the same manner as the federal government has co-operated with provincial governments whenever a disaster has arisen. This course has been suggested and I am sure it will be followed. In spite of all the time that has been spent on this debate today, not one positive, constructive suggestion has come from the opposition to resolve this problem, except to nationalize this industry.

I do not want to speak too long, but I think the members of the government have already indicated a deep concern with this problem. First of all, they have been concerned about the manner in which the situation arose. There was a sudden announcement by the company that they were going to withdraw from this operation on Cape Breton Island. There has been concern, too, about the result of that decision. Certainly, Mr. Speaker, so far as I am concerned this situation falls into the category of a disaster for that part of Canada.

Perhaps it is too early to find a completely satisfactory solution to the problem, but I certainly hope hon. members opposite will at least attempt to suggest some solution rather than simply wave their arms and say it is a terrible thing, and that the government needs to do something.

Mr. Muir (Cape Breton North and Victoria): Your halo is blinding you.

Mr. Olson: The hon. gentleman has already told us the members of the government have said they are ready to listen to any proposal put forward. This is the normal way of dealing with a situation.

Mr. MacEwan: Say something or sit down. You have not said anything yet.

Mr. Speaker: Order, please.

Mr. Olson: I suppose hon. members opposite are smarting a little bit because there was absolutely nothing in their speeches to suggest a solution. I suppose it will be a little difficult for them to justify this fact to their constituents in eastern Canada, when these speeches are examined.

Mr. MacEwan: Wait until the next election and you try to justify your position.

Mr. Olson: I cannot hear all these interjections, but I hope the government will bear in mind that this instant solution suggested by the N.D.P., to nationalize—

Mr. Muir (Cape Breton North and Victoria): You have better men than this over there.

Mr. Speaker: Order, please. The hon. member has the floor and he should be given an opportunity to make a speech.

An hon. Member: That is all he has.

Mr. Olson: Thank you, sir. I simply want to say that I hope the government of Canada will look very carefully at this type of instant solution that has been proposed by the N.D.P. This type of solution has not been satisfactory over the long term in the past.

Mr. Winch: Let us hear your percolated solution, then.

Mr. Olson: We have seen the results, for example, of the C.C.F. action in Saskatchewan over the years. I believe it is quite clear the buoyancy of the economy in that province really only started to show up after there was

a change of government and a change in some of these policies. In addition to that we have the experience of the United Kingdom with this kind of action in respect of the steel industry, and a whole lot of other industries. The results are clear for everyone to see. There has not been a long term, satisfactory solution to this kind of problem.

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

Mr. Bell (Carleton): You will get a silly answer, anyhow.

Mr. Douglas: May I ask the hon. member if he is suggesting the Cape Breton Development Corporation, which the government asked this parliament to set up to nationalize the coal mines of Cape Breton, is going to be a complete failure and he opposes it?

Mr. Olson: No, Mr. Speaker, I was just about to come to that point. There is a very significant difference between the effect of that legislation and the situation with which we are faced as a result of Dosco's decision over the week end. A significant difference is that the steel industry on Cape Breton Island is only one segment of the whole steel producing industry in Canada; that is one thing. The second thing that is involved here is the fact the coal industry on Cape Breton is an industry that has been heavily subsidized by the federal government over a long period of time. What is more, the expenditure that is going into the corporation to take over the operations of the coal industry in that area is designed to do more than simply nationalize it. There are certain conditions laid down about renovating all the equipment in the mines, and federal money is to be used during the transitional period to re-establish and maintain that portion of it that can be economically viable, and to phase out gradually that portion of it that will not be economically viable.

This, Mr. Speaker, is a far different thing from simply saying the federal government should rush in and nationalize this particular steel plant, or to suggest that is a long term solution to the problem we are facing. In closing, Mr. Speaker, I simply want to say that I think all Canadians would be prepared to support some kind of program of assistance to solve the problem, even over a reasonably long period of time. That is a far different kind of program from simply rushing in and nationalizing the company.

• (9:00 p.m.)

There are only a few minutes left in this debate, Mr. Speaker, so I hope that the members fo the opposition will come up with something constructive,—because thus far we have not heard anything that could be construed as a solution to the problem.

Hon. George Hees (Northumberland): Mr. Speaker, I rise to take part in this debate but for a very short period of time because several members on this side of the house have important things to say in relation to this most important situation. Therefore I want to give them the chance to speak, and I know they will speak very ably, as have hon. members who have already spoken, not only on this side of the house but on all sides.

I wish to state to the house that all members of this party support 100 per cent the points of view that were put forward so well this afternoon by the hon. members for Cape Breton South (Mr. MacInnis), Cape Breton North and Victoria (Mr. Muir), Pictou (Mr. MacEwan) and others who have spoken. We are solidly behind them and regard the situation as extremely important and serious.

One thing which I think came out very clearly this afternoon from the evidence that has been put forward by the members who spoke on this side, is that any company which is the main employer of labour in a given area has a very direct responsibility to that area and to the people who live and work there. A company which does have this responsibility simply cannot act in the cavalier fashion that this company has acted in giving the kind of notice it has given and in refusing to discuss this situation with representatives of the government and labour organizations who wish to talk the matter over with them. Obviously this is a company that does not care one hoot for the welfare of the people in this area.

The Hawker Siddeley group that controls the Dosco operation has acted in this way as though they were a company in Britain operating 100 years ago and dealing with a situation in the colonies. This, I remind the chairman of the corporation and his board of directors, is 1967, not 1867. I say to them that if he and his directors are chafing under a Labour government in England today, to a large extent it is because they have displayed similar attitudes in their own country to that which they have displayed in this particular instance.

Obviously, Mr. Speaker, we in this parliament cannot allow this company to close down its operation. We simply cannot allow

the closure of an operation that is by far the main employer of labour in this important area of the country. To do so would have devastating effects upon the whole Cape Breton area. This sort of thing cannot be allowed to happen, and we in this parliament must see that it does not happen.

I hope, as I am sure we all hope, that the government will be able to persuade this company to continue in operation. In turn, the government should outline to the company what it is willing to do to help it continue operation, as it has for many years past. I want to hear the Minister of Industry (Mr. Drury), whose department has been set up mainly to take charge of situations such as this, tell us about what his department is offering in the way of help to this company so as to make it possible for the operation to carry on.

In a moment, Mr. Speaker, I intend to outline what I believe the government can and should do to help this company continue its present mode of operation. If the government is unable to persuade the Dosco corporation to carry on as it has in the past, then I believe this parliament has no alternative but to see to it that the company comes under the direction of the Cape Breton Development Corporation, a corporation set up by the present government, and which has already taken over coal operations on Cape Breton Island. I say this because as I have said before, you cannot in this day and age, close down an operation when such action would have a devastating effect on the people of the area. Therefore, Mr. Speaker, alternative measures must be introduced.

In the meantime, what can and should the government do to make it possible for this corporation to carry on? I suggest the government can do a number of things. It can help the company develop export markets for its products, and it can do this by providing long term credits for the sale of its products in export markets.

I speak with some experience in this regard, Mr. Speaker, because when the Conservative party formed the government we were faced with similar situations, not only affecting this particular company but many other companies as well. We helped this concern get business which it otherwise could not have obtained, by making it possible for the company to match or to better the long term credit terms which were being made available, particularly by European producers, who utilize this particular method of financing in very large measure. We found very often that long term credit was far more important, particularly to the underdeveloped countries, than the price of the product itself. Many companies today simply cannot afford to pay the prices asked for products unless long term credit is made available to them.

Canada has derived a great deal of additional business by using this kind of approach, Mr. Speaker. This is one of the many techniques that we used to build up our export trade. Our export trade just did not happen; we went out and beat our competitors to the punch, and this is one method we used.

I would ask the government to go to Dosco and tell them what the government is willing to do by way of making available long term credits to help them get business. And business is available, Mr. Speaker, in all parts of the world, particularly in the underdeveloped countries. A tremendous building boom is going on all over the world. There is great need for steel. This Dosco plant manufactures steel rails, which are in demand all over the world. It also turns out basic steel, which is manufactured into finished forms at the Contrecoeur plant.

The government should go to the Dosco corporation, not the day after tomorrow or the day after that but tomorrow morning at nine o'clock, and discuss this with them. I suggest the Minister of Industry talk to them on the telephone and tell them that the government will work with the corporation and make it possible for them to get orders for steel all over the world, similar to what happened when we were in power. This government knows full well how successful we were in obtaining tremendous orders through these efforts.

Our experience, Mr. Speaker, was that we did not lose one dollar of the taxpayers' money. The bills have all been paid on a long term basis, according to the contracts. The government should approach Dosco immediately and put forward this free enterprise plan which does not cost the taxpayers one cent. This is not nationalization, but good free enterprise philosophy. More important than that, Mr. Speaker, it is not theory but something that has been tried in similar circumstances when this party formed the government of Canada, and found to work.

• (9:10 p.m.)

So I say to the government, go to it immediately; start tomorrow morning; tell them that we shall help as we would help any manufacturer. There is nothing special about

this, nothing particularly unusual. This is just plain, ordinary business technique, the sort that European countries use to a large degree in helping their corporations obtain business. The government can extend that sort of help to keep this plant in operation. The employers down there can continue to employ the people of Cape Breton. That is the least that we in parliament can do for those who live down there; that is the least we can do for the entire industry and that is what the government must do without delay. I commend this course of action to them.

Mr. Drury: May I ask the hon. member a question? Is he not aware that Export Credits Insurance Corporation in the past few years has been pursuing just that policy of extending long range credits?

Mr. Hees: Yes, of course, I am aware of that. We started it. The government found that what we started worked so well that they continued it. One must give this government credit for some things; they realize that a great many of our techniques, when we were in government, were successful, and they adopted them. I say that anything that has succeeded should be continued.

I say to the minister in all honesty, and not for political reasons—

Some hon. Members: Oh, oh.

Mr. Hees: I say this because, unlike the Liberal party which is laughing and cheering on the government side, when I make a positive suggestion, I mean what I say. The hon. member for Medicine Hat (Mr. Olson) said that we had no positive suggestion; well, I have made one. I have said that by getting them business, the Dosco plant will be helped to stay in operation; that will enable the people of Cape Breton to continue being employed.

I say to this government, get off your seats, get operating, and let us see some action.

Mr. Lloyd R. Crouse (Queens-Lunenburg): It is not my intention to speak at great length on the motion presently before the house; but, speaking as a Nova Scotian and a Canadian, I wish to endorse the remarks of my colleagues with regard to the serious economic stituation faced by many Nova Scotians as a result of the announcement by the management of Dosco that they will cease production on April 30, 1968. This announcement shocked and numbed all Nova Scotians; its effect has spread like an earthquake across the industrial part of Canada. This in fact is not a provincial problem; it is a national problem.

For more than 60 years coal and steel have been the twin economic backbones of industrial Cape Breton, an area peopled by hardy descendants and settlers from Ireland and Scotland. The steel mill was built in the year 1900. If Dosco succeeds in abandoning the mill, which is the smallest of our four basic steel plants and if the coal mines are closed on schedule, the entire way of life in Cape Breton, in our province—in fact, throughout Canada—will be drastically altered within the next 18 months.

Ever since the closing announcement, interested Canadians have all been asking the same question: What will happen to the more than 2,600 steel men who will be thrown out of work next April? Unemployment is already quite high in this part of Nova Scotia; only a year ago approximately 3,700 men were employed when two blast furnaces were in operation. Now only one is in operation. With the phasing out of the coal mining operation a feeling of gloom pervades the entire area. The steel men I have mentioned are directly affected; yet, literally thousands of others will be indirectly affected when and if Dosco should carry out its plan.

The manner of the announcement caused consternation to government leaders at federal and provincial levels. According to reports, Premier G.I. Smith of Nova Scotia has said that Dosco lacked a sense of corporate responsibility to its employees and the community; the Minister of National Health and Welfare (Mr. MacEachen) is reported to be deeply shocked, as well he might be.

The question arises: Can we as a nation afford to let an industry of such great importance to Nova Scotia and Canada die of economic strangulation? I do not believe we can. I believe it is the responsibility of the federal and provincial authorities to put their heads together in the hope of finding a solution to the problem.

I should like to know what has happened to the Hawker Siddeley management within the past month; is that industry drastically affected by changes in the Kennedy round talks at Geneva? Have they been reading the *Financial Post* of October 7 which shows how the inflation virus spreads. Sixteen causes are listed and I think I ought to read some of them into the record. Here is one:

> The persistent rise in living costs has left the Canadian dollar of 1925 worth barely 50c today. The current erosion in Canada and the U.S. is the fastest since Korea.

Here is another:

Sales taxes have inflated the cost of building materials and construction wage rates are up sharply. But reflecting urban population pressures, the fastest rise is in land prices.

Here is yet another:

The heaviest pressure now on consumer prices comes from services—largely because labor costs are rising and services depend on substantial quantities of labor.

And here is another

But manufacturing wage rates in both Canada and the U.S. are now rising more rapidly than a few years ago. And the advance in Canada is currently twice as fast as it is in the U.S.

Here is another:

Higher wage rates are putting large new pressures on industry selling prices because they are coming at a point when productivity gains are considerably smaller than they were.

And here is another:

With more industries hiking prices, the main index of wholesale prices is rising. The specially steep climb in Canada suggests a less competitive position for Canadian-made goods.

Is this the reason for the company's action? Here is yet another:

Canada's money supply is being expanded at a rapid clip to help finance heavy government borrowing and to prod the economy into creating new jobs for a fast-growing work force.

I say to the government that it is high time they stopped thinking of ways of spending money without getting any return; it is high time they thought of getting some value for the money we have. That is what we need, some purchasing power in our dollar, instead of the excessive spending that everybody is worried about and the extravagance and waste indulged in by this government.

Finally I shall read this from the same copy of the *Financial Post*:

The impact of fast-escalating spending by all governments in Canada is inflating demand for money, goods, services and will continue to do so until spending programs are cut back.

Did the management read these items? Is what I have read that which influenced them to reach their decision? Did they realize that their future under this administration is not as good as it might be? I should like to know what happened.

Their action in announcing the closing of the steel mill is a complete reversal of the statement made earlier in co-operation with the Nova Scotia Voluntary Economic Planning Board and the Atlantic Development Board. At that time they were in complete agreement with the release of a report which

[Mr. Crouse.]

stated that the future of the Sydney mills as a supplier of ingots and rails was assured, under existing conditions.

I must submit that the report does not paint a rosy future for the Cape Breton steel men; nevertheless, it should be of considerable assistance to the Cape Breton Development Corporation in determining the priorities for the economic development of the Cape Breton area.

In a speech this afternoon the hon. member for Antigonish-Guysborough (Mr. Stewart) put on record some of the conclusions of the voluntary planning board of the province of Nova Scotia. At the risk of repeating what he said I wish to read some of the conclusions of that body. They are as follows:

Sydney does not possess actual or potential production cost advantages in relation to other actual or potential competitive sites in Canada or abroad.

Successful steelmaking throughout the world today depends upon a mill having a local or natural market area of sufficient size to absorb fixed costs, i.e., that portion of costs which does not vary with production volume.

• (9:20 p.m.)

Sydney's natural market is the Atlantic region, and the region's steel consumption is much too small to absorb Sydney's fixed costs. About 85 per cent of Sydney's production must be sold in areas beyond the Atlantic region. The attendant freight costs place Sydney in a position of disadvantage vis-à-vis other factors.

Import competition is severe in most product lines in the eastern part of Canada where Dosco seeks its major sales volume.

In finished rolled-steel products (excluding rails) Sydney is in the position of a residual supplier to Canadian customers beyond the Atlantic region.

In export markets, including the U.S. and Britain, Sydney is in competition with third country exporters rather than with the local producers.

World export prices are depressed to levels which generally do not cover the fixed and variable production costs of exporters.

Export sales in new product lines could be generated, but not in sufficient volume at prices adequate to justify the installation of new facilities at Sydney.

There is a statement that bears thorough study. Who knows what volume could be accomplished in the next year or two?

The future role of Sydney is expected to be primarily that of a supplier of ingots and billets to Quebec mills for rolling and as a manufacturer of rails.

The establishment of Dosco's rolling mills at Contrecoeur provides Sydney with its best assurance of continued operation, and prospects for some expansion of primary-steel production.

The prospects for rapidly expanding steel demand in the Atlantic region to provide Sydney with a sounder economic base can be regarded with only limited optimism.

Because the present plans of Sidbec (the Quebec government-sponsored steel project) are unknown, the implications for Sydney of a Sidbec plant are entirely a matter of speculation. Some form of co-operation between Dosco and Sidbec cannot be ruled out, and might be beneficial to both companies and both provinces.

This is the report of the Nova Scotia Voluntary Economic Planning Board, and it is the report that was agreed to by Dosco. Is it any wonder that Dosco's announcement has virtually shocked everyone in Nova Scotia and throughout Canada?

Mr. Emmert, chairman and president of Dosco, said his decision to close the plant was forced because of non-competitive production costs at Sydney, together with shipping costs between the mill and major market areas in Canada. He said the company has become increasingly aware that its Sydney works has an abnormally high cost of production due to its age and attendant maintenance and manning costs. He also said steel capacity throughout the world has eroded prices in the already depressed market served by Dosco steel, and this factor in turn has prevented wage increases from being sufficiently recovered through increased production or selling prices.

Now, Mr. Speaker, Mr. Emmert is not alone in facing this problem of rising costs and heavy competition. The United States has a similar problem, and it is interesting to note the action that has been proposed in that country to support its steel industry. According to the *Financial Times* of Canada of October 16, today's date, the United States steel lobby has succeeded in convincing a large group of usually free trade minded senators to sponsor and support new legislation aimed at retaliating against foreign countries which discriminate against United States steel exports. The proposed bill would give the President of the United States 180 days in which to negotiate bilateral or multilateral international agreements under which other countries would voluntarily restrict their steel exports to the United States to levels no higher than their average share of the United States market during the 1964-66 period. In effect the bill would freeze total United States steel imports at about 9.5 per cent of total American steel consumption. The reason for this action is set out in the *Financial Times* as follows:

The United States steel industry contends that non-tariff discrimination is the basis for the domestic industry's inability to compete in foreign markets. A flat 6 per cent to 7 per cent duty is imposed on all steel imports into the United States. The duty is levied on the wholesale value of the steel at the point of shipment and is not levied on the freight and insurance costs, which can add as much as 13 per cent to the value of the landed steel.

By comparison, Belgium levies, over and above its normal duties, a tax ranging from 7 per cent to 19 per cent on the duty-paid value of imported steel. France imposes a 25 per cent sales tax and a 0.2 per cent custom stamp tax over and above normal duties. West Germany imposes a turnover equalization tax of 7.5 per cent to 9.5 per cent and Italy imposes a 4 per cent sales tax and a compensatory import tax of 4.8 per cent to 6.5 per cent.

Japan, 40 per cent of whose exports go to the United States, has a system of import licences and currency controls that virtually excludes United States steel from its markets.

The bill to be introduced this week is aimed at retaliating against countries that have imposed such barriers.

Here is an interesting point.

Canadian steel shipments to the United States last year totalled $104 million, or less than 10 per cent of total United States steel imports. At the same time, United States steel exports to Canada totalled $196 million, or more than one third of total United States steel exports.

In other words, Mr. Speaker, we bought some $92 million more worth of steel from the United States than we were able to sell to that country.

In my opinion, this action that has been taken by Dosco will make Sydney a disaster area. Disaster conditions require drastic action. Nova Scotians were told when the St. Lawrence seaway was built that it would be helpful to their economy. We heard speakers from the Liberal party, now in power, who travelled through Atlantic Canada and made this claim. I am not being critical of them for making those statements at that time, but I ask the government to re-examine its proposals of that date.

In his brief speech a few moments ago the hon. member for Medicine Hat (Mr. Olson) asked us for suggestions. I say to the government, re-examine your proposals made at the time when you proposed the establishment of the seaway; see if there is something you overlooked to lower our costs for waterborne steel to the central markets of Canada. This was one of the items stressed by the voluntary planning board, and again I quote it:

Import competition is severe in most product lines in the eastern part of Canada where Dosco seeks its major sales volume.

I have no doubt that this is true. If this is so, then it is the responsibility of government to see if we cannot use this waterway from the Atlantic provinces to central markets to lower costs and keep the mill open in the city of Sydney.

I would also urge the government to examine the possible application of tariffs to protect our steel industry, as other countries are doing or, alternatively, to discuss with other countries the elimination of their tariffs. Surely a small country like Canada with 20 million people should have its steel exports in balance with the United States.

If no agreement on tariffs can be reached we may well be required to give consideration to legislation similar to that which is being proposed in the United States. I say this, Mr. Speaker, because we hear a lot today about social security in Canada. I am in favour of social security, but in my opinion the best social security we can give any man is the assurance of a good job with a good future. This is what we want in Canada today. This is the kind of social security we need.

The step that was proposed last week in Sydney can hardly be justified no matter how we look at it, but anything we can do at the federal level to help alleviate the misery and suffering can be justified. There will be misery and suffering in Cape Breton if the mill closes next April. This is a matter that cannot be passed over lightly. It is a problem that should receive the immediate attention of the best brains in our federal and provincial governments if our dream of a developing Canada, as publicized during our centennial celebrations, is not to die with the closing of Expo.

• (9:30 p.m.)

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have listened with a great deal of interest and more than ordinary concern to the debate that was precipitated this afternoon by the motion of the member for Cape Breton South (Mr. MacInnis). I appreciate the motivation behind the motion. I believe the seriousness of the situation has been supported by the unanimity with which the house agreed to this emergency debate.

I rise with a heavy heart really to participate in this debate in this closing moment, because I realize, as do other hon. members, the impact that this decision if implemented will have on the immediate employees at the steel plant at Sydney, and also upon the general economy of Nova Scotia as a whole. The impact of this decision if implemented will be very great and very brutal. Unless the impact can be averted or unless some solutions are found to cushion its effect, in my judgment the sudden discharge of 3,000 men onto the labour market in Cape Breton at the end of April or May would lead to a near collapse of the industrial economy of that area.

[Mr. Crouse.]

When we set up the Cape Breton Development Corporation we were aware that the closure of the Cape Breton coal mines and the sudden cessation of mining operations would not be bearable by the economy. We realized that if these collieries closed suddenly and 6,000 or 7,000 men were discharged into the labour market there would be no real foundation for the economic existence of that area. While the numbers involved in this particular field are not as great as the coal industry, the impact upon the economy will be very great, very sharp and very unfortunate.

This debate has produced no immediate solution to the problem, because I think most of us are still somewhat bewildered by the suddenness of the decision and still somewhat incapable of relating the decision to recent events and recent impressions we have received. For example, it was only in the spring of this year that an agreement involving the provincial government, the federal government and Dosco was reached to provide for almost $6 million in Sydney for the provision of docking facilities or bulk handling facilities. There was an understanding in the agreement that this amount of money which was being made available by federal and provincial funds would be matched by an equivalent investment in the industry by the corporation over a period of time. Certainly one had some indication that an agreement of that kind was not to be the messenger of an immediate decision to close out an industry or a plant.

Mr. Douglas: Mr. Speaker, may I ask the minister whether it was spelled out in the agreement that Dosco was to match this amount and whether any penalty was involved in the event of their not matching.

Mr. MacEachen: Yes, the agreement is explicit on that point. If there should be any doubt as to the carrying out of this undertaking, there is a provision in the agreement that the arbitration will be conducted by the chief justice of the province of Nova Scotia. Just recently, as has been pointed out by the hon. member for Antigonish-Guysborough (Mr. Stewart) and others, a steel making study was produced under the joint auspices of the Atlantic Development Board, the Nova Scotia Voluntary Planning Council, which is an agency of the provincial government, and the Dosco corporation. Since I have taken on

the responsibility for the Atlantic Development Board I have given my consent to the release of that study. It was concurred in, not two years ago, or a year ago, or a few months ago, but quite recently, by the highest officers in the Dosco corporation. While none of us would argue that this steel making study gave any strong basis for optimism or a strong basis to believe that the steel industry in Sydney would be a growing industry or an increasing user of labour, or indeed that it did not have very important difficulties, nevertheless one of the conclusions on the positive side was that for an indefinite period at least this plant could look forward to being the basic supplier of ingots and billets to the Quebec mills.

It is no wonder that most of us who were keeping abreast of developments were shocked and stunned at the decision that was conveyed to the government of Canada last Thursday morning by the chairman of Hawker Siddeley in Britain, the chairman in Canada and the president of Dosco. The reasons which have been given by the responsible officers may be very strong and convincing reasons to persons who are responsible for administering assets on behalf of shareholders, but it seems to me the method by which this decision was carried out is as brutal in a sense as the impact of the decision itself, because no effort was made to lay before the governments the problems which affected this industry, and there was no effort to explain to the employees and their families the difficulties involved in operating this plant. Who, after all, were more entitled to such explanations than these employees in a civilized community. No effort was made to consult with them or present to them any method or assistance by which what would be a calamity to the community could be averted.

I find even more objectionable the fact that the corporation up to the present time has refused, since it has taken this decision, to meet in an acceptable form the representatives of the two governments, the union leaders and the community leaders to explain the reasons for this decision or to outline, as I think they ought to, the method by which they intend to discharge their responsibilities relative to the work force and to the community.

Following the decision announced to us in Ottawa on Thursday we had a number of meetings and concluded that the most important first step would be to convene a meeting of this kind at Sydney at which the representatives of the corporation would explain their position. That is a very vital and important thing to have done.

• (9:40 p.m.)

Acting on behalf of the government of Canada I sent a telegram to the premier of Nova Scotia suggesting such a meeting and, because the meeting would likely be held in Nova Scotia and because of the vital interest to that province, I suggested that he convene the meeting. The premier of Nova Scotia thought this was a reasonable request and concurred in it, but we propose to have a meeting tomorrow night in Sydney. However, so far as I know, there has been no indication yet that the representatives of this organization will be present. I understand that Sir Harold Hall, the chairman of the Hawker Siddeley group, flew to Britain shortly after the decision was announced. I am quite satisfied that this was not a Canadian decision, but that the decision was made in London and that the people of Nova Scotia have not had the opportunity of even hearing or seeing the person who is in a position to exercise such an economic force on their lives. It is my hope that the corporation in this period of great difficulty will at an early date attend discussions with all of us in respect of what can be done to avert this calamity.

The ideal solution is to find some way to keep this plant in operation, but that requires first of all, it seems to me, the co-operation of the corporations involved. Hon. members have suggested that the steel plant in Sydney become a public plant, and that it be operated by the federal government. Let me assure you, Mr. Speaker, that when I present my reaction to this proposal, it is not based on any ideological or basic principle in opposition to the public authority undertaking something of this kind. However, bearing in mind that the Sydney steel plant is one part of a growing and competitive industry in Canada, it would present difficulties if a national government selected a single plant to be operated and supported with public funds in competition with other plants involved in the same industry in other parts of Canada.

Mr. Fulton: Would the minister permit a question? In light of the implication of one passage of the speech by the hon. member for Antigonish-Guysborough (Mr. Stewart), would he not admit that this proposal for nationalization presents even greater problems for a provincial government?

Mr. MacEachen: Before any of us advocate the nationalization of this plant at the federal or provincial level, we ought to have some appreciation of the cost both to a provincial or federal government. At the present time I am not in a position to estimate the economic cost or the possible benefits of such a step. I do believe that aside from the question of finances, the constitutional or jurisdictional case is stronger for a provincial authority to undertake this job than for the federal authority. We have situations in various provinces where local development, local industry and local support is given to plants in those provinces which are in competition with other plants involved in the same industry in other parts of Canada. This problem is a bit more difficult for a national government. We will undoubtedly be hearing more about this proposal in the future.

Mr. Hees: Would the minister permit a question? If the provincial government decides to go ahead with a nationalization program of this kind, will the federal government be willing to give assistance on a proportionate basis having in mind the difference in size of the governments?

Mr. MacEachen: That is a very important question. All I can say is that if the provincial government made a proposal and came to the federal government for help it would be considered with all possible care. That is about as far as we can go at this time.

Mr. Douglas: On this question of constitutionality, which I think involves an interesting point, what possible constitutional difference could there be between the federal government setting up a crown corporation jointly with the province of Nova Scotia to operate certain selected coal mines, and the setting up of a corporation to operate what is really a concomitant of the coal and steel industry, with the possibility always of further co-operation with Industrial Estates and the Atlantic Development Corporation in setting up secondary fabricating industries to work with this Cape Breton Development Corporation?

Mr. MacEachen: Having regard to the coal producing industry in Cape Breton intended for public ownership, this will not be in competition with any other Canadian coal producer. I believe that is the difference.

Mr. Bell (Carleton): The constitutional aspect is not involved.

[Mr. Fulton.]

Mr. MacEachen: This is an economic argument. The hon. member for Carleton (Mr. Bell) talks about the constitutional aspect, and perhaps he is right on that point, but I believe there is quite a difference between the coal industry, which is not competing with any other coal producer in Canada, and the steel plant in Sydney which would be competing very strongly and directly in those markets with other Canadian steel producers. That is the big difference.

Mr. Douglas: The minister has referred to Cape Breton coal producers not competing with other Canadian coal producers, but will they not be in competition with other fuel producers?

Mr. MacEachen: I do not think that is the same thing, but I suppose there are other aspects and that in logic you could take the argument a long way. There is quite a difference in respect of these points and for that reason I think we ought not say immediately that this is the place we ought to exercise the authority of the federal parliament.

Mr. Bell (Carleton): Speak on economics and leave the constitution to experts.

Mr. MacEachen: I accept that advice from the hon. member, and I am glad he brought me back to the straight and narrow at the right moment. I thank him for doing so.

Hon. members have talked about the Cape Breton Development Corporation and what it will and can do. The president of that corporation has now been appointed and I understand that my colleague will be recommending the appointment of additional directors very soon. The corporation has the authority by law and will be in the position very soon to determine what it is going to do in relation to the Cape Breton steel problem. This corporation has very wide powers, powers wide enough to achieve the objective recommended by members of the N.D.P., if the directors desire to do so.

• (9:50 p.m.)

Here again I must not tread on the sacred soil of the hon. member for Carleton. I merely say that I believe it does have that authority if it wishes to exercise it. But the corporation would then have to determine, in taking over the steel industry, what the cost to the corporation would be; and what the burden would be on the corporation in operating and modernizing the mines and taking on the big job involved in making this a viable industry in the Cape Breton area. I think it is too early at

this moment to determine whether this would be a good thing for the corporation to do, but at any rate this decision has been assigned to the corporation by parliament.

Mr. MacInnis (Cape Breton South): You just jumped on Pepin's toes.

Mr. Douglas: Mr. Speaker, would the minister permit a question? Do I understand him to say that in his opinion the Cape Breton Development Corporation has the authority to step into the situation in the steel industry, if that seems advisable, and if the government is agreeable—because the government would have to increase the corporations capitalization? Do I understand the minister to say that? I understood him on June 27 to express the opinion that the corporation does not have this authority.

Mr. MacEachen: Mr. Speaker, I think that on June 27 we opposed an amendment that would obligate the corporation to operate the steel plant.

Mr. Douglas: It was permissive.

Mr. MacEachen: It was permissive, then. However, I understand that the corporation has the authority to acquire shares if it so wishes. It seems to me that it has the legal power to do anything that is required in the steel industry, if it so desires. But I am quite satisfied that, apart from whether the directors of the corporation do decide to take up the views proposed by the hon. member for Winnipeg North (Mr. Orlikow) and the hon. member for Winnipeg North Centre (Mr. Knowles), this problem will undoubtedly be one of the first major tasks for the corporation to consider. I hope it will be able to do something very quickly about putting some light into the dark corners that seem to surround this particular problem.

I do not wish to continue any further, Mr. Speaker. I have spoken much longer than I intended. I merely wanted to say—

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, would the minister accept a question? Would he not agree that during the debate on the Cape Breton Development Corporation and prior thereto, in answer to questions the minister himself and the minister of mines stated that the legislation was quite broad enough to allow the corporation to assist in the development of the steel industry?

Mr. MacEachen: I do not think there is any doubt about that, Mr. Speaker. The corporation has very wide powers. I think all of us felt when we read the steel study to which I referred earlier that maybe the Cape Breton Development Corporation could do something which would enable this industry to become more efficient. In my opinion they are now faced with a more difficult problem, in that the mill is destined for closure. We are having, I hope tomorrow evening, a meeting with the premier and members of the government of the province of Nova Scotia. Whatever responsibility other governments must take, I think the provincial government has a very great interest and responsibility in this matter. It seems to me it would be premature for the federal government to declare any policy on this important matter without having had an opportunity to discuss the question with the premier of Nova Scotia and the members of his government, to hear the views of the community representatives and the labour leaders. This is what we propose to do in the meeting tomorrow evening.

Mr. Forrestall: Mr. Speaker, may I ask the minister a question?

Mr. Speaker: Order. Would the minister allow a question from the hon. member for Halifax (Mr. Forrestall)?

Mr. MacEachen: Yes, Mr. Speaker.

Mr. Forrestall: I could ask the minister this question tomorrow night, because he indicated when he concluded his remarks that there would be a meeting tomorrow evening. However, would the minister indicate now whether there will be anything in the discussions with the Dosco people with regard to Trenton and the shipyard complex in the cities of Halifax and Dartmouth?

Mr. MacEachen: I am not in a position to comment on that matter, Mr. Speaker. This is one of the reasons why I think it would be helpful to have further discussions with Dosco.

Mr. MacDonald (Prince): Mr. Speaker, my question is directed to the meeting tomorrow night. I think it is incredible that in the meeting concerned with this catastrophic situation the minister or the government have not discovered why the people of Dosco and others involved will not be present. Why are they not meeting with representatives of the government of Nova Scotia on this problem?

Proceedings on Adjournment Motion

Mr. MacEachen: Mr. Speaker, my latest information is that representatives of the corporation will not be present, but I hope that information will prove to be incorrect. I hope that the expressions of opinion made in this parliament today will be of some assistance in bringing everybody to that meeting.

Some hon. Members: Hear, hear.

Mr. Speaker: It being ten o'clock, is it the desire of the hon. member for Cape Breton South (Mr. MacInnis) to withdraw his motion, in view of the fact that there is about one minute left before ten o'clock. This would allow the adjournment proceedings to take place after ten o'clock.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I was looking to the minister to carry on until ten o'clock, when proceeding to the adjournment debate would be automatic. However, I should like to take this opportunity to thank sincerely all hon. members who have taken part in this debate relating to the problems faced by Cape Breton. I express my appreciation to the house and withdraw the motion, so that the order of business of the house may go forward.

Order discharged and motion withdrawn.

BUSINESS OF THE HOUSE

Mr. Fulton: Mr. Speaker, could the house leader indicate the business for tomorrow? Will the business be what was announced last week, or will it be postponed for one day?

Mr. MacEachen: Mr. Speaker, I hope we will be able to do as we proposed. To begin with, we shall deal with the Broadcasting Act resolution.

Mr. Fulton: Not the post office?

Mr. MacEachen: Not the post office. On Wednesday we will begin with Bill No. C-161, second reading of the bill concerning the department of corporate and consumer affairs. On Thursday we will continue the debate on second reading of the Emergency Gold Mining Assistance Act. On Friday, regardless of the progress we have made on these two bills, we should like to deal with the resolution concerning the Industrial Development Bank.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[Mr. MacDonald (Prince).]

HEALTH AND WELFARE—RESOLUTION FROM BRITISH COLUMBIA RESPECTING TOBACCO ADVERTISING

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, a most unusual resolution adopted by the delegates at the union of British Columbia municipalities was brought to my attention. I think it is the first occasion that a convention of municipalities for any province has taken the time to deal with this subject and to have considerable debate on the resolution in question. I obtained a copy of the Trail *Times* of September 23, and I read from it as follows:

• (10:00 p.m.)

Municipal Delegates Veto All Cigarette Advertising.

Prince George (CP)—Municipal leaders called Friday for restrictions on tobacco advertising.

Delegates to the Union of B.C. Municipalities convention overruled their resolutions committee which said the Port Alberni proposal was not a matter for local governments.

"We must be a responsible body," said Dr. R. M. Heffelfinger, a Port Alberni alderman. "It is a matter for our concern and we should endorse the resolution." Mayor Les Hammer of Port Alberni argued that it is a municipal matter because medical evidence stressed the health hazard of smoking.

The city's resolution said:

"It is morally and ethically wrong to deliberately advertise products which are of no benefit whatever and are actually very injurious to young people and society generally."

Seek Laws.

It proposed that the U.B.C.M. call on senior governments to introduce legislation to "eliminate, modify or deglamorize all forms of tobacco advertising."

This resolution was the cause of a very interesting debate and, as I said before, it was the first occasion at which a convention of municipalities in any province has dealt with this type of resolution. I think it is based on the fact that the delegates at the convention were aware of the circumstances that they were criticizing so far as the advertising is concerned. That is why they supported the resolution.

Since the convention there has been a quite general interest in this matter throughout British Columbia and in the riding which I have the honour to represent. The matter has been discussed by other groups and there is general support for the action taken by the union of British Columbia municipalities convention.

It was on that account that I rose on October 2 to ask the following question:

Mr. Speaker, I wish to address a question to the Minister of National Health and Welfare, based

on a resolution passed by the union of British Columbia municipalities at their annual convention recently held in Prince Rupert. The resolution was to the effect that the U.B.C.M. called on all senior governments to introduce legislation to eliminate, modify or deglamorize all forms of tobacco advertising.

Has the minister received a copy of this resolution and, if so, can he inform the house of his response to same.

Then, Mr. Speaker, you said:

Order, I am sure the hon. member will agree with me that the question could easily be placed on the order paper. That is the suggestion I take the liberty of making to him.

I asked for an opportunity to deal with the matter briefly after ten o'clock because of the number of persons who are interested in knowing the reaction of the federal minister to this proposal. I presume that this resolution has been sent by the secretary of the organization to the appropriate provincial minister and to the Minister of National Health and Welfare, (Mr. MacEachen), in view of the fact that today is October 16 and the meeting occurred on September 22. I should like to hear from the parliamentary secretary, and I apologize to her for delaying her beauty sleep by keeping her here after ten o'clock.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): I must assure the hon. member that he is certainly not delaying my beauty sleep. All I can say to him, however, is that no resolution has been received by the minister and therefore there are no further comments that I can make at this time.

Motion agreed to and the house adjourned at 10.05 p.m.

HOUSE OF COMMONS

Tuesday, October 17, 1967

The house met at 2.30 p.m.

HIGHWAY SAFETY

ANNOUNCEMENT OF FEDERAL PROGRAM UNDER TRANSPORT DEPARTMENT

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I am pleased to announce that the Department of Transport has been assigned the responsibility for the federal government's role and leadership in the field of motor vehicle and highway safety. In formulating its program the government will utilize and co-ordinate the efforts of all federal government departments concerned with the many aspects of motor vehicle and highway safety, and will also draw on the resources of other Canadian authorities concerned with this matter.

The government, in taking this initiative, has been assisted and guided by the report on auto safety prepared by the House of Commons standing committee on justice and legal affairs, and by the consultations on motor vehicle and highway safety which have been held with representatives of the provincial governments. Particular attention in carrying out the program will be given to the responsibilities of the different levels of government in this field of activity.

The government's first step will be to establish in the Department of Transport a unit which will co-ordinate the federal government's participation in the program. Action will also be taken by the federal government, after further discussions with the provinces, to establish national standards and practices affecting motor vehicle safety. It is also intended to create a public advisory board composed of representatives from the provinces, the industry, safety organizations and other interested groups. This board will be an important source of advice and guidance to the Minister of Transport on motor vehicle and highway safety.

Some hon. Members: Hear, hear.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I would like to thank the minister for this most important announcement, and he surely can count on continued bipartisan interest and support from this side of the house in this most serious field.

In brief reply to his announcement may I outline the following. On September 13, 1899, Mr. H. H. Bliss, a real estate dealer, was struck and killed by a car as he stepped off a trolley at Central Park West and 74th Street in New York city. He was the first victim of the automobile age. Since that day road accidents have caused the death of more than one and three quarter million Americans and Canadians, more than all the casualties of all the wars in American and Canadian history.

• (2:40 p.m)

In both countries the automobile is the third greatest killer after cancer and heart disease. It is the No. 1 killer of our young people between the ages of 16 and 35. In Canada in 1965 there were close to 5,000 traffic deaths and 150,000 injuries. More than two thirds of those reported injuries involved lifetime disability. In other words the number of those permanently disabled in any one year equals the population of a large city. The direct cost to the Canadian economy was close to three quarters of a billion dollars.

In concluding, Mr. Speaker, may I pinpoint what I believe must be done in this area. Because of automobile model similarities in Canada and the United States, obviously we have a common interest in the field, but let us hope this does not mean we shall depend entirely on the United States for highway safety, protection and legislation. The Canadian government received the brief on highway deaths and injuries in July, 1965, so we in Canada became interested in this problem long before the United States.

Therefore I say that under the direction of this minister Canada can take a lead in combating this world wide epidemic. It is my belief that we must immediately set up a national accident prevention research centre under the National Research Council. We spent millions of dollars investigating the aircraft crash at Ste. Thérèse which unfortunately took 100 lives, but we lose this many lives on our roads every week and do not spend any public or private money in research in this field.

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I believe we should co-operate with the state of New York in the building of a prototype safety car. We should insist that the federal and provincial governments enforce standards codified and agreed upon after the Ottawa meeting that took place about a year ago. We should encourage the automobile industry to forgo for some time spending millions of dollars on needless style changes and devoting the money saved to safety and safety features.

Each and every individual citizen has his or her role to play. It seems to me that when we are talking about sending people to the moon and bringing them back safely, we can end this senseless slaughter on our highways. Automobiles, like other forms of transportation, aircraft and the rolling stock on the railways will have to be brought under the rule of law.

We welcome this announcement by the minister.

Mr. Barry Mather (New Westminster): Mr. Speaker, as far as it goes, and as late as it comes, I am sure the government's announcement will be welcomed by all those concerned in the task of reducing the warlike casualty toll on our highways. On the basis of the figures for the past five years, 25,000 Canadians have been killed and 750,000 have been injured on our roads. The economic toll, as has already been said, runs into billions of dollars. Canada' record in this field is one of the worst in the world.

There are three main ingredients in this problem; one, the car; two, the driver; and three, the environment, namely the road. The minister's announcement aims at grappling with one of these issues. We will be examining his proposals in detail and in the light of the justice committee report which unanimously called for the setting up of standards of inspection and quality control right to the manufacturing plant level.

It must be kept in mind, however, that a safe car will not by itself greatly reduce the number of accidents. We hope it will help to greatly reduce the effect of the accidents. We also hope the justice department will make this attack on motor vehicle danger a two-pronged one by legislating against, for example, drinking drivers, as the Minister of Justice has promised.

In conclusion let me say, Mr. Speaker, that we in this party will continue to do all we can to make the traffic safety legislation effective and businesslike.

[Mr. Grafftey.]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, we in this group welcome the announcement by the minister assigning to the Department of Transport responsibilities in the field of motor vehicle and highway safety. Judging by the astounding figures published every week end the number of deaths which occur owing to automobile accidents has greatly increased in the last few years. However, I wish to point out that there seems to be a growing tendency to put the blame on the manufacturers of automobiles in spite of the fact that it is the driver behind the wheel who is most to blame.

I do not wish to say that automobiles are not up to the required standard, and it is certainly a fact that many improvements have been made to them. I presume that work in that direction will continue, but a car is a product made by a company, and it has to be sold. There is always room for improvement in this field, but there is still more room for improvement in the man sitting behind the wheel.

I should like to draw the attention of the minister and any hon. member who might be interested to an interesting article which appeared in *Reader's Digest* written by a test driver. He stated that throughout his life he has driven at speeds in excess of 100 miles per hour, and he has not been killed nor has he killed any of his passengers. He knew what the automobile could stand and what he himself could do, and he did not demand of the car or himself more than could be done.

The hon. member for New Westminster stated there were three factors which should be considered, namely the automobile, the driver and the road conditions. There are many roads traversing this country and we have many automobiles, but it is the efficiency of the driver which has the greatest bearing on automobile accidents. There is a member in this house, the hon. member for Lapointe (Mr. Grégoire) about whom I might say—

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member. I am sure he is entitled to the same leeway as that which was accorded other members who have taken part in this debate. I must remind him and all other hon. members of the provisions of standing order 15, which states that a member of the government may make a brief statement and that representatives of parties in opposition may comment briefly. Of course brevity is a very relative term, but I think the hon. member at this point may be going beyond the limitation of the rule.

Mr. Langlois (Mégantic): I thank Your Honour for bringing me back to the subject matter. I had not realized I was speaking on any other subject. It is my belief, however, that I should be allowed at least to give this group's opinion as to the work which should be done by the committee which the minister intends to set up and which would be working in conjunction with the provinces. I am trying to combat the existing tendency to put all the blame on one person. I think it is our duty at present to direct the committee to work toward reducing as much as possible the rate of car accidents.

• (2:50 p.m.)

My main point is that it might be possible to reduce the growing number of gadgets in automobiles, such as safety belts. I think 90 per cent of the people using cars do not use safety belts. We might as well take them out, because we are paying for something we are not using. I still insist that the insurance companies themselves are involved in this issue of safe driving.

Mr. Speaker: Order, please.

Mr. Langlois (Mégantic): If I may close with this statement, I should like to ask the Minister of Transport to look not only to the automobile manufacturers in relation to this question of safety but also at the drivers of automobiles, their ability to drive and the roads on which people are driving in this country.

Mr. Bert Leboe (Cariboo): At this point I hesitate to rise, Mr. Speaker. I should like to say that we welcome the announcement by the minister. I hope that in his consideration of this matter he will pay special attention to the older automobiles that are on the highways, and the safety of automobiles already on the highways today. Various things can happen to automobiles which make them unsafe and I feel there are many unsafe old automobiles on the highways.

However, I should like to make one further point. I think we ought to be looking toward the establishment of a highway patrol system not designed to arrest people but to take photographs with high speed equipment of the actions of drivers on the highways. In this way bad drivers could be brought to the attention of the courts and, through the process of law, removed from the highway or given training courses in which they would learn to drive.

Inquiries of the Ministry

NOVA SCOTIA

DEVELOPMENT OF DEEP SEA PORT—PROPOSED CLOSING OF STEEL MILL

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): I have a question for the Prime Minister. I should like to ask if his attention has been drawn to a speech by the Minister of Forestry and Rural Development in Banff yesterday in which he stated the federal government was considering the development of a deep sea port in the strait of Canso area. Does this statement represent government policy?

Right Hon. L. B. Pearson (Prime Minister): The report I have read of that statement by the minister, delivered at a conference in Banff, does not quite coincide with my hon. friend's interpretation of it. I did see this report. The minister will be back tomorrow, and I will be discussing his statement with him.

Mr. H. Russell MacEwan (Pictou): May I ask a supplementary question which is related to a question I asked the Minister of Forestry and Rural Development not long ago. Will the Prime Minister request the Minister of Forestry and Rural Development to proceed immediately with the plan which resulted from the study of the nine northern counties in Nova Scotia?

Mr. Pearson: I shall be glad to discuss that matter also, so we can add to the progress being made in that part of Nova Scotia.

Hon. George Hees (Northumberland): I should like to ask a supplementary question of the Prime Minister. Were these plans for the new port that has been mentioned brought to the attention of Dosco management before their decision was made to close out the operations of the company?

Mr. Pearson: Well, Mr. Speaker, I am not quite sure to what my hon. friend is referring, the new board or the corporation.

Mr. Hees: I am referring to the board of the Dosco Corporation which made the decision to close out the operations of the plant next April.

Mr. Pearson: The two matters are not related. The first information we received about the plan of the corporation was last Friday, as we indicated yesterday.

Inquiries of the Ministry

Mr. Hees: My question was whether the Dosco Company was advised of the government's plan to build this new port before the board made its decision.

Mr. Pearson: My hon. friend has assumed that there has been a particular plan for a particular new port. I said this matter will be discussed with the minister. The corporation was aware of the government's plans generally for development in that area.

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I should like to ask a supplementary question. Has Dosco in the past three years received any federal grants through the Department of Industry's area assistance program or any other program of that department? If so, could the minister say what were the amounts and for what purposes?

Mr. Speaker: Order. I suggest to the hon. member that this is not the type of question that can be asked now.

Mr. Starr: Mr. Speaker, this is a very important question, in that this matter has been discussed and is urgent. Certainly we would like to know what course may be charted and what proposal may be put to this company in respect of this closure.

Mr. Speaker: I suggest to the hon. member that his question was asking for a listing or enumeration of assistance which might have been given to the company over a period of three years, and therefore is not the type of question which can be asked now.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I have a supplementary question arising from the Prime Minister's answer to the effect that he did not know this corporation's plans until last Friday. I was not too sure whether he was referring to Dosco or to the Cape Breton Development Corporation. Was the Prime Minister or any member of his cabinet aware of Dosco's announced intentions before last Thursday, and since Dosco announced its intentions has the cabinet met to discuss the matter?

Mr. Pearson: Mr. Speaker, the first information we got with regard to the intention of Dosco was, as I indicated, at the end of last week. Since that time, beginning Friday morning, cabinet has met both as a full cabinet and in committee to discuss what can be done in the face of this situation. At the present time two ministers and officials concerned are on their way down to Nova Scotia for a meeting this evening.

[Mr. Pearson.]

Mr. MacInnis (Cape Breton South): A further supplementary question, Mr. Speaker. Could the Prime Minister indicate in what direction the cabinet intends to move or what plans it has formulated regarding this closure?

Mr. Pearson: Not at the moment, Mr. Speaker.

[*Later:*]

Mr. MacInnis (Cape Breton South): I have a question for the Minister of Industry. I would ask the minister whether he was aware before Thursday of Dosco's announced intention to close, and whether the government—

Mr. Speaker: Order. It seems to me that the hon. member asked this question of the Prime Minister a moment ago, and I suggest that an answer was given.

Mr. MacInnis (Cape Breton South): With all due respect, I asked the Prime Minister whether he, as Prime Minister, or any of his colleagues were aware of the decision. Now it is quite possible that the Minister of Industry could be aware of it but that the Prime Minister had not been informed.

Mr. Speaker: I hope the hon. member will not attempt to ask that question of every member of the government.

Mr. MacInnis (Cape Breton South): That would be one way of getting an answer, sir.

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): Perhaps I may be permitted to ask the remaining part of the question. Is the government formulating plans for a closure of the Sydney steel operation, or is an effort being made to maintain that operation?

Hon. C. M. Drury (Minister of Industry): As the Minister of National Health and Welfare and the Minister of Energy, Mines and Resources indicated yesterday, notice of Dosco's intention came to the government—and this includes myself—for the first time last Thursday. I had no previous knowledge of this, nor did my colleagues. They are now endeavouring to co-operate with the government of Nova Scotia to ascertain the basic background in detail and to see what steps could be taken to alleviate what is a very serious situation in Cape Breton.

Mr. MacInnis (Cape Breton South): Perhaps, in order to get to the basis of the

information I am seeking, the minister would give me a clear-cut answer. Is the government formulating plans for the closure—

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member asked a question which was certainly heard by the minister—I heard it clearly—and the minister seems to have given an answer.

Mr. MacInnis (Cape Breton South): With all due respect, the minister did not answer that portion of the question with which the people of Cape Breton are concerned.

Some hon. Members: Oh.

Mr. Speaker: Order. I should hope this matter the hon. member is raising will continue to be handled in the way it was handled yesterday, and I would invite the hon. member who asked the question not to proceed further.

Mr. MacInnis (Cape Breton South): I intend to do that; I hope to handle this matter in the same way it was handled yesterday. That is why I asked the minister whether the government was formulating plans for the closure of the operation, or whether the Minister of National Health and Welfare, the Minister of Energy, Mines and Resources, and others in the government are co-operating in an effort to see the operation is continued.

Mr. Drury: The plan to close was announced, not as a plan of the government but as a plan of the Dominion Steel and Coal Corporation. Consequently the government is not formulating plans to close the operation. As yet we are not in a position to say intelligently what should be done. I would be not only imprudent but, I think, stupid to try to indicate to the hon. member that we now know all the answers.

Mr. MacInnis (Cape Breton South): I rise on a question of privilege. I see that I shall not get answers other than by rising on a question of privilege. I would now ask the Prime Minister and his cabinet colleagues to read the statement made by the Minister of Forestry and Rural Development in Banff yesterday, and explain to this house why it is that a minister of the crown can go to Banff, 2,000 miles away, and speak of the plans this government has for the cutting back or phasing out of the Sydney steel industry. Why are we not given honest answers? There are lies being told in the house. Members opposite should make up their minds who is telling the lies.

Mr. Speaker: Order, please.

Inquiries of the Ministry

INDUSTRY

CANCELLATION OF GAS TURBINE ENGINE DEVELOPMENT PROJECT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Industry with respect to the announced cancellation of the OT-4 development program which is being conducted by Orenda Limited of Malton, Ontario. In view of the fact that this project for the development of an industrial gas turbine engine was being jointly financed by the United States and Canadian governments, may I ask the minister why the Canadian financial assistance has been withdrawn and the project cancelled?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, projects of this character are reviewed periodically, at least every six months. It became apparent on a previous review that this particular technique of developing or generating power by an industrial turbine was being overtaken by other developments elsewhere. Consequently at the last review there was agreement among the company, the government of Canada and the government of the United States that it would not be profitable to proceed any further with this development, and on an agreed basis it was abandoned.

Mr. Douglas: A supplementary question, Mr. Speaker. In view of the fact that some 200 persons will become unemployed, some 80 of whom are highly skilled development engineers who are in short supply in this country, is the government intending to make any use (a) of these trained design engineers who are badly needed, and (b) of the information which has been gathered regarding this type of industrial turbine engine for use in further development in Canada?

Mr. Drury: Mr. Speaker, Orenda Engines is continuing development of gas turbines. This is one particular type of gas turbine. The information gained will therefore be useful within Orenda Engines on a continuing basis. As the hon. member pointed out, this type of engineering technician is currently in short supply in Canada, and I do not imagine those who have been released will experience much difficulty in being taken up elsewhere. Indeed, there is United Aircraft in Longueuil which is doing a similar kind of work, especially for the Royal Canadian Navy, and they are seeking additional engineering talent of this kind.

Inquiries of the Ministry

Mr. Douglas: One further supplementary question, Mr. Speaker. Is any of the information or research material which has been gained as a result of this development project being turned over to the Cummins Diesel company of the United States?

Mr. Drury: I do not know that, Mr. Speaker.

EXTERNAL AFFAIRS

MIDDLE EAST—PROPOSED MEETING LOOKING TO SETTLEMENT

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): I wish to direct a question to the Secretary of State for External Affairs. In view of a reported statement by the Secretary General of the United Nations that another meeting between the United States and Egyptian delegates was being held and that this meeting might lead to an agreement on which to base security council action for a Middle East solution, might I ask whether the government has received information to provide the basis for any hope that an early settlement may be reached?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Canadian government has not only been informed of the discussions that have taken place between the Soviet union and the United States ambassadors at the United Nations, but we have participated in some discussions during the past few weeks. In the month of July Canada had proposed as a minimum requirement for reaching a permanent settlement, that there should be appointed a representative of the Secretary General who would act as a communications link between the parties in the Middle East situation.

That proposal is part of the subject matter of the discussions, but no agreement has been reached, certainly no agreement sufficient to warrant a general agreement that there should be an immediate meeting of the security council.

TRADE

JAPAN—INQUIRIES AS TO TRIP BY MINISTER

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. I welcome him back from his trade mission to Japan. It is reported that trade officials have stated that the export of wheat out of Vancouver has been reduced to a trickle. Did the minister obtain a positive assurance from the trade officials and minister of agriculture of Japan that Canada would regain her wheat export market in that country?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, after visiting Japan and receiving a friendly, indeed a cordial reception—

Some hon. Members: Hear, hear.

Mr. Starr: Did you talk about wheat?

Mr. Winters: —I discussed a number of trade matters including, of course, wheat. I think it is fair to say that the trip was productive. I hope that exports of wheat to Japan will now resume a more normal pattern.

Mr. Woolliams: I am glad the minister's trip was productive. I wonder whether the minister can now tell us if Canada's plan of subsidizing wheat sales is assisting us to regain our markets in Japan as against the United States dumping of wheat.

Mr. Winters: No, Mr. Speaker. Since the action that we took has had the effect of strengthening the world market, the current price of wheat has been within the range agreed to at Geneva in the subsequent international wheat agreement.

Hon. George Hees (Northumberland): A supplementary question, Mr. Speaker. While the minister was in Japan did he have talks with the Japanese government to get an indication of whether there would be additional markets for Canadian steel in Japan?

Mr. Winters: Mr. Speaker, we discussed a wide variety of subjects, including steel and other commodities. I can say that I expect our trade with Japan will expand in both directions.

Mr. R. R. Southam (Moose Mountain): A supplementary question, Mr. Speaker. Has the minister the assurance from the exporting and importing countries that if we should sell our wheat at below the minimum price the international wheat agreement will still be ratified?

Mr. Speaker: Order, please. The question appears to be hypothetical.

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): I have a supplementary question for the minister. Can he assure the textile manufacturers and shoe manufacturers that our trade with Japan will be improved and that our industries here will be protected?

Mr. Winters: Mr. Speaker, I think that subject has been covered quite often in the house. The recent actions by the Minister of Finance following his conversations with the Japanese government as they relate to textile imports I think have already been reported. As for shoes, while there is a large volume of imports into Canada we are also exporting a great many shoes. I hope the tariff adjustments under the Kennedy round will benefit Canadian producers.

[*Later:*]

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a further question for the Minister of Trade and Commerce relating to wheat sales. From how many countries has he received an indication that they intend to ratify the wheat agreement which comes into effect on July 1?

Mr. Winters: I think that this convention is open for signature now. The Canadian government has indicated its intention to ratify; it remains to be seen how many other countries indicate their intention by signing the book which is open now in Washington. I expect that all countries will wish to ratify the agreement.

Mr. Douglas: A supplementary question, Mr. Speaker. How many of the importing countries have already ratified the agreement or signified their intention to ratify it?

Mr. Winters: I think it is a little premature to say. The date for ratification is July 1, 1968, and I am sure that within the course of the next few weeks there will be a clearer indication.

Mr. Douglas: Is not November 30 the deadline for ratification by importing countries?

Mr. Winters: No, Mr. Speaker.

CANADIAN CENTENNIAL

INQUIRY AS TO MEDALS ISSUED

On the orders of the day:

Mr. J. E. Brown (Brantford): I wish to direct a question to the Secretary of State. Could the minister advise the house as to the current status of the centennial medal, the number already issued and the number expected to be issued in the near future?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I have doubts about that question. The hon. member is inviting the Secretary of State to make a statement which could be made on motions. If the house wishes to hear the information from the Secretary of State I shall allow the question; otherwise I think the minister could answer it on motions. Is it the wish of the house that the question be allowed.

Some hon. Members: Agreed.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I thank the hon. member for giving me notice of this question yesterday. I find that several thousand recommendations have already been received by the department. They are coming from the agencies and national associations which the Prime Minister specified in his announcement. We hope that very shortly the medals will be distributed to meritorious Canadians on the basis, so far as civilians are concerned, of something like one for every thousand of population.

HEALTH AND WELFARE

MEDICARE—REPORTED STATEMENT BY N.B. PREMIER RESPECTING REVIEW

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I do have a serious question, but I must say that, for a moment I had contemplated asking the Prime Minister if he knew what announcement the hon. lady referred to; from his expression it seemed that he did not know.

My serious question is also for the Prime Minister. Is he aware of the recent statement attributed to Premier Robichaud of New Brunswick that as a result of his request, the government of Canada will review the medicare program with the provinces before July next? Is this so and a fact, has the government arrived at this intention?

Right Hon. L. B. Pearson (Prime Minister): On the first part of the question, Mr. Speaker, I should like to reassure my hon. friend that all constructive members of the opposition will be included in the list for centennial medals.

Some hon. Members: Oh, oh.

Mr. Pearson: On the second question, I have not heard of that statement but I shall be very glad to look into it.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. J. R. Keays (Gaspé): My question is for the Minister of Finance. Is the minister aware of the continuing deficit being brought about

through transactions in our outstanding securities in other countries? Has he any information for this house as to how he intends to reverse the trend?

Mr. Speaker: Order. I think the hon. member's question is much too general in scope. I doubt whether it can be asked at this time.

Hon. Michael Starr (Leader of the Opposition): I wish to direct a question to the Secretary of State and ask whether, over and above the $40,000 the federal government contributed to the international sculpture symposium, the federal government paid anything for the welded auto bumpers that were obtained from the New York sculptor last week, and was this expenditure approved by the Minister of Finance?

Hon. Judy V. LaMarsh (Secretary of State): That was a gift, gratis, from the grateful sculptor, Mr. Jason Seley, to the Department of the Secretary of State.

Mr. Nielsen: That is the auto safety campaign.

Mr. P. B. Rynard (Simcoe East): My question is addressed to the Prime Minister. Would the right hon. gentleman assist the understanding of hon. members by tabling a list of grants and other benefits which have accrued to the various countries whose dignitaries have visited Canada this year?

Right Hon. L. B. Pearson (Prime Minister): If this question were placed on the order paper I believe it could be dealt with.

EXTERNAL AFFAIRS

REPORTED SUBVERSIVE BROADCASTS TO CANADA FROM CUBA

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I have a question to direct to the Solicitor General. Is the hon. gentleman aware that Radio Havana is broadcasting a daily half hour program on the 49 metre band in French, beamed directly at Quebec listeners and giving instructions in subversive activity and guerrilla warfare, and that in recent weeks a second program has been added, this time beamed to the western Canadian Indian and Métis population, urging them to rise in a "red power" rebellion?

Some hon. Members: Oh, oh.

Mr. Thompson: Is the minister aware of this subversive broadcasting—

Mr. Speaker: Order, please.

[Mr. Keays.]

FREIGHT RATES

REQUEST FOR REVIEW OF NEW NON-CARLOAD RATES

On the orders of the day:

Mr. J. M. Forrestall (Halifax): My question is for the Minister of Transport. Can the hon. gentleman advise the house whether the government will meet with interested parties on the question of less than carload freight rates in the maritime provinces?

Hon. Paul Hellyer (Minister of Transport): I am sure we would be glad to do so at an appropriate time, Mr. Speaker. This question has been referred not only to the officials of my department but to the railway companies and to the Canadian transport commission for consideration and advice. As soon as I have had an opportunity to meet with some of my officials I shall be in a better position to advise the hon. member when such a discussion might take place.

Mr. Forrestall: Would the minister be kind enough to indicate to the house the date by which he expects the special study on maritime freight rates to come within the purview of this house?

Mr. Hellyer: I will take that question as notice.

COMMONWEALTH RELATIONS

RHODESIA—PROPOSED VISIT BY UNITED KINGDOM MINISTER

On the orders of the day:

Mr. Heath Macquarrie (Queens): I wish to address a question to the Prime Minister; it refers to the forthcoming visit to Rhodesia of the United Kingdom commonwealth relations secretary. Considering the established pattern of commonwealth consultation on the Rhodesia question, can the Prime Minister advise us whether the government of Canada was informed of the proposed visit and whether Mr. Thompson's initiative may be regarded as a new commonwealth effort to deal with the Rhodesian problem?

Right Hon. L. B. Pearson (Prime Minister): We were informed of the proposed visit, but I do not think it can be interpreted as a new commonwealth effort. It is rather an investigatory visit by the new Secretary of State for Commonwealth Affairs.

NATIONAL DEFENCE

REPORTED AMALGAMATION OF PROVOST CORPS AND INTELLIGENCE CORPS

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I have a question for the Minister of National Defence. Have the Canadian Intelligence Corps and the Canadian Provost Corps been amalgamated, and are officers and men of these corps now being trained in one school at Camp Borden?

Mr. Speaker: I think such a question should be placed on the order paper.

REPORTED REFUELLING OF U.S. BOMBERS IN CANADA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address to the Secretary of State for External Affairs a question which concerns a great many people. On October 2 my hon. friend from Danforth asked the Prime Minister the following question:

> Does the government have any information on the rumours circulating to the effect that United States bombers are refuelling in Canada as one of two stages, one stage being in Alberta and the other in Alaska? If so, can the Prime Minister say whether these rumours are true.

To which the Prime Minister replied:

> Mr. Speaker, I have no information whatever which would support that statement insofar as Alberta is concerned, but I will be glad to make inquiries.

My question—and perhaps I should more properly address it to the Prime Minister—is, has the Prime Minister any further information to give the house with respect to this unprecedented situation?

Right Hon. L. B. Pearson (Prime Minister): The Secretary of State for External Affairs has asked me to reply. I can say that there was no truth whatever in that story. I made an investigation and found there was no truth in it.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—CEILING ON COST

On the orders of the day:

Mr. Melvin McQuaid (Kings): My question is directed to the Prime Minister. Is it true that the government has placed a ceiling of $150 million on the cost of construction of the Northumberland causeway?

Mr. Speaker: Order. This is a question which cannot be asked at this time.

FINANCE

TAX INCENTIVES TO ENCOURAGE GREATER PRODUCTIVITY

On the orders of the day:

Hon. George Hees (Northumberland): I wish to direct a question to the Minister of Finance. Is the government giving consideration to introducing tax incentives in the near future designed to induce greater industrial productivity?

Hon. Mitchell Sharp (Minister of Finance): I doubt whether it would be proper in answer to a question on orders of the day to give any indication of government financial policy of this kind.

Mr. Hees: Is the minister not aware that in the debate on the budget which has just been completed I asked him to reply to this question within the next day and a half, and he refused to do so. Would he therefore do so now?

Mr. Speaker: Order.

COMPANY OF YOUNG CANADIANS

INQUIRY AS TO ORGANIZATIONAL CHANGES AND BUDGET

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): I should like to ask the Prime Minister whether he can state whether organizational changes are taking place in the Company of Young Canadians in order to overcome some of the problems which have existed within that group, and will the budget of $2.8 million for this year be maintained at its present level?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. The budget is in accord with the desire of the government to reduce expenditures, and wherever possible they will be reduced.

AIR CANADA

WINNIPEG—DISCUSSIONS RESPECTING OVERHAUL BASE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. On Friday last I asked the Prime Minister whether he could make a statement about the results of his meeting with Premier Roblin concerning the Air Canada overhaul base at Winnipeg. The Prime Minister said he was having a discussion with

the Minister of Transport and planned to make a further report to Mr. Roblin after that discussion. Is the Prime Minister now in a position to indicate what further information has been communicated by the government of Canada to the government of Manitoba?

Right Hon. L. B. Pearson (Prime Minister): Not at this time, Mr. Speaker, but I hope the Minister of Transport will be able to make a statement before long. He is looking into the matter. He has already seen the president of Air Canada, and as soon as there is anything to report I can assure my hon. friend that this will be done.

OLD AGE SECURITY

INQUIRY AS TO POSSIBLE INCREASE IN PENSIONS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to ask the Prime Minister. Like many members I am receiving letters from war veterans and retired civil servants asking if and when they will receive an increase in their pensions. Is it the intention of the government to introduce legislation before Christmas, or is this a matter which is affected by the economy measures which I understand the government is practising?

Mr. Speaker: Order. I am sure the hon. member will realize that this is a question which has already been asked by other hon. members during the past few days.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

MONTREAL—INQUIRY AS TO CONSTRUCTION OF BUILDING

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I wish to put to the Secretary of State a question which I consider urgent since it affects the economy of the Canadian metropolis. Is she in a position to say what is happening with the construction of Place Radio-Canada in Montreal and will the government continue to delay the start of this undertaking which the present government has been doing for two years now?

Mr. Speaker: As the hon. member has noted, this involves an undertaking which seems somewhat delayed and I believe that in the circumstances, the question may easily be put on the order paper.

Mr. Valade: Mr. Speaker, on a point of order.

If I put this question now, it is because the undertaking has already been delayed for two years and the minister has publicly given the undertaking that this construction would be proceeded with. So I am asking what she intends to do about this?

[*English*]

POST OFFICE DEPARTMENT

REPORTED REFUSAL OF MEDICAL AND FIRST AID PARCELS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I should like to address my question to the Postmaster General. Is he in a position to confirm or deny reports of last week that medical and first aid supplies being sent parcel post by one or two Canadian church groups were turned back at a point of transshipment in San Francisco? If so, can the minister say whether any representations have been made to the International Postal Union in that regard?

Hon. Jean-Pierre Côté (Postmaster General): I will take notice of that question, Mr. Speaker.

[*Translation*]

LOTTERIES

INQUIRY AS TO AMENDMENT OF CRIMINAL CODE

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I wish to put a question to the hon. Minister of Justice (Mr. Trudeau) concerning his intention of amending the Criminal Code in order to allow a national lottery in the future.

Before amending the Criminal Code, does the Minister of Justice intend to submit this plan for study to a joint committee of the Senate and the House of Commons?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, with regard to the first part of the question, I must correct the hon. member for Mégantic. I said that the bill to amend the Criminal Code would include provisions concerning lotteries, but I did not indicate the purport of that amendment.

As for the second part of the question, I feel that the procedure to be followed is to introduce the bill and then allow both houses to suggest, if they so desire, that the bill be referred to a committee. But on this last point, I cannot anticipate anything.

Mr. Langlois (Mégantic): A supplementary question, Mr. Speaker.

Can the minister tell the house roughly when the government will table that bill?

Mr. Trudeau: Mr. Speaker, that matter is the responsibility of the leader of the house. Assuredly, we are very eager to adopt several measures and I trust the opposition will co-operate with us.

Mr. Langlois (Mégantic): Mr. Speaker, I should like to put a last supplementary question to the minister.

I am sure the opposition will always be willing to co-operate with the minister. In any event, has the province of Quebec, as a result of the statement made by the Minister of Justice, indicated its intention with regard to this bill, that is to say indicated whether or not it intends to introduce a bill to allow lotteries in that province?

Mr. Trudeau: Mr. Speaker, as I have often been told, I am not empowered to speak on behalf of the government of the province of Quebec.

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to put a supplementary question to the minister concerning his intention to amend the criminal code in that connection. Has he consulted the provinces in this connection?

Mr. Trudeau: Mr. Speaker, the jurisdiction of the federal government over the criminal code is clearly established by the constitution. However, when we want to bring about amendments concerning the whole country, we consult the people concerned in the matter. We receive especially representations from all interested people. However, I do not think that in the discharge of our legal jurisdiction we should, every time we want to take action, consult people who have no jurisdiction in the matter.

[*English*]

SHIPBUILDING

REMOVAL OF ARBITRATION CLAUSE FROM SHIP TENDERS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a question for the Minister of Transport. I wonder whether he is in a position today to reply to a question I asked him last week, of which he took notice, regarding the removal of the arbitration clause from ship tenders of his department.

BUSINESS OF THE HOUSE

REQUEST FOR JOINT MEETING OF EXTERNAL AFFAIRS AND DEFENCE COMMITTEES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I direct a question to the right hon. Prime Minister. In view of the close relationship between Canadian foreign policy and Canadian defence policy I should like to ask whether he will use his influence to try to arrange a joint meeting of the committee on external affairs and the committee on national defence in order that they may jointly consider the position of Canada within NATO and NORAD, as those two agreements are now coming to a close.

Right Hon. L. B. Pearson (Prime Minister): I do not know whether I have very much influence in a matter of that kind, but I shall be very glad to discuss this proposal with the two ministers concerned and with the chairmen of the two committees.

BROADCASTING

IMPLEMENTATION OF CANADIAN POLICY

Hon. Judy V. LaMarsh (Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to implement a broadcasting policy for Canada, to amend the Radio Act in consequence thereof and to enact other consequential and related provisions.

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

Miss LaMarsh: Mr. Chairman, the question of broadcasting in Canada, which is the subject covered by the resolution with which we are dealing today, has been discussed now for almost three years at great length both inside and outside this chamber. For that reason I will not speak for very long today.

Last year the government produced a white paper giving its intentions with regard to new legislation in this field. It will be recalled that that white paper became the subject of careful and detailed investigation by the standing committee on broadcasting, films and assistance to the arts. In preparing the bill which will be exposed following first reading we

gave very careful consideration to the very lucid and comprehensive report prepared by the standing committee.

• (3:30 p.m.)

I think most hon. members will recall that the standing committee's report followed very closely the principles enunciated in the white paper on broadcasting. Therefore the legislation has been framed in such a way as to establish a statutory policy for broadcasting in Canada and to assign the responsibility for interpretation and implementation of that policy to an independent public authority. Accordingly the objectives of the legislation closely follow the principles set forth in the white paper, but in some cases amplified by the report, by the observations and recommendations of the standing committee.

The most important of the principles is surely that which established that the airwaves, which must be shared between public and private broadcasters, are public property and that they constitute a single broadcasting system. It is impossible to exaggerate the importance of broadcasting as a means of preserving and strengthening the cultural, social, political and economic fabric of Canada, and the system therefore has to be effectively owned and controlled by Canadians. It should be just as clear that every broadcaster, whether public or private, has a public responsibility for the effects of the programs he broadcasts. There must be reasonable opportunity for the expression of conflicting views on matters of public controversy.

The programming provided by the system as a whole has to be very comprehensive, making the most practical use of Canadian resources and talent. The Canadian listening and watching public will accept nothing less.

Second, since the costs of operating both the public and private elements of the system are, in the end, borne by the public as a whole, it is quite clear that every Canadian is entitled to broadcasting service. Moreover, since we live in a country of two official languages each Canadian is entitled to broadcasting service in the language of his choice, English or French. The only limitation on these objectives is the availability of public funds to provide these services in all parts of Canada. But it must be recognized that the extension of coverage, now that we have provided coverage in the heavily populated areas and are getting into the more remote areas, involves increasingly heavy per capita costs which can only be given an appropriate priority in relation to other essential expenditures.

[Miss LaMarsh.]

Third, there can be no question but that this country needs a national broadcasting service in English and French, the requirements of which must have clear priority over the interests of the private broadcasters. Accordingly the legislation has been framed to emphasize this point, to establish the objectives of the national broadcasting service in clear statutory form, and to define as precisely as possible the areas of responsibility in relationships between the regulatory authority and the Canadian Broadcasting Corporation.

I should like to refer briefly to two other matters. While the legislation which the government is now seeking permission to introduce will declare that facilities for educational broadcasting are to be provided within the framework of the single broadcasting system, and therefore subject to the regulatory authority like all other broadcasting undertakings, the bill will not make specific reference to the provision of these facilities. I think most hon. members will understand it is our intention to bring forward a separate bill for this purpose, which will be drafted in its final form only after the subject has been thoroughly considered and carefully examined by the standing committee whose recommendations, needless to say, will be taken into full and careful consideration after the committee has heard witnesses and has reported to the house.

I should perhaps add that although following precedent I am moving a resolution to introduce the broadcasting bill, the bill does not in its present form make specific provision for meeting the cost of operating the C.B.C. It is our intention to recommend to parliament the adoption of a financing formula which will afford to the C.B.C. an assurance of the moneys that are to be made available over a five year period so that the corporation can more effectively plan its future operations on a rational basis. The details of such a formula are at present being worked out by officials of the departments concerned in consultation with the corporation, and it is the intention of the government to introduce separate legislation for this purpose before the end of the current fiscal year.

The preparation of legislation on such a complex subject as broadcasting is a matter that is not undertaken lightly. We do not amend our broadcasting legislation or replace it by new legislation often. We must, of course, give the most scrupulous attention to the public and parliamentary discussion which has taken place over the last two or

three years, and this we have attempted to do while still proceeding with all reasonable dispatch. Now, however, the time has come for hon. members to see the details of the bill, to which I hope they will be able to address themselves at length on second reading.

Therefore I hope that during today's debate the committee will have an opportunity to pass the resolution as quickly as possible so that hon. members may without delay get on to discussion of the measure itself. I would anticipate that when today's debate has concluded, following first reading and exposure of the bill hon. members will have at least the remainder of this week to look over it before proceeding to any further legislative steps.

Mr. MacDonald (Prince): Mr. Chairman, rather than calling this particular parliamentary procedure a debate on the resolution stage it might better be called shadowboxing because in effect this is what we do on much of the legislation that is introduced with an accompanying explanation so inadequate as almost to leave one in doubt as to the actual subject being dealt with. However, if one is not being informed this afternoon, either by the minister or by any details in the resolution, one certainly has been able to get a great deal of information in listening to the discussion that has gone on, in circles large and small, during the past few months. One has even been able to hear comments to the effect that the bill which will be presented to us later this day has gone through many changes, many amendments. Indeed, it may not be surprising to find written on the front of it, "Subject to change without notice." Such is the interest and such the tension and conflict which exist in discussions centring on a new broadcasting act for Canada.

As the minister remarked, there has been a great deal of discussion in committee. In March, 1967, the House of Commons broadcasting committee produced its final report, having based much of its discussion and consideration on the white paper that had been submitted the previous year. Now the minister has suggested that since there has been this great amount of examination and discussion, both in committee and among the public in general, it should be possible to move quickly with the passage of the bill through the house. However, we must not confuse discussion about many matters concerning broadcasting with the specific proposals that the government will present in its bill.

I strongly suggest that we ought to reserve the right to consider whether or not, in the light of the specific provisions contained in the bill, it may be necessary to call the broadcasting committee into session again in order that it may give the bill detailed examination and, if necessary, hear witnesses who have particular knowledge and information, people who can assist the committee, parliament and the government in drafting the most responsible legislation possible. Any suggestion that we have already spent a great deal of time discussing these matters, or that we may extend the business of implementing the bill by six weeks or two months, is merely peripheral to the point at hand, which is that we are laying down for the next decade fundamental principles and structures for broadcasting, both public and private, and it may well be important for the standing committee not only to meet and discuss the bill itself but also to call key witnesses in order to complete this job faithfully and well.

Broadcasting is a difficult subject to talk about at any time. Each of us has his own subjective opinion of what broadcasting is all about. Broadcasting today, of course, represents one large facet of man's communication with man. More and more theologians, social scientists, yes, even politicians, are becoming aware that steps toward progress and change are often related to this crucial area of communication. Much that has happened for ill in our society today is related to our loss of sensitivity, our lack of imagination and the difficulty we have in achieving creative solutions to difficult problems. Often communication, which should be direct and helpful, becomes lost in a sea of red tape. Often in trying to implement decisions we are completely fouled up by our bureaucracy.

• (3:40 p.m.)

Communication in our society is one of the vital tools that allows man to be fully human. Indeed, communication is so important in our world today that one might almost equate it with survival. Therefore what we are starting here this afternoon is a discussion of legislation directly related to our public responsibility in broadcasting.

Broadcasting in this country has a unique role to play. It is perhaps much more important than any other facet of life that is controlled or regulated by this parliament. I would go so far as to suggest that broadcasting is essential not only to the future of the Canadian identity but indeed to its very continuance. Interestingly enough, we are being called upon to frame new legislation with respect to broadcasting in a year in which we have been extremely self-conscious. In our

centennial year we have become, perhaps much more than at any other time in our history, conscious of what it has meant to be a Canadian. No matter where we have lived in this country, we have had an opportunity to be reminded in some way or other of the Canadian identity. First and foremost, of course, this has occurred within the milieu of Expo itself. Therefore, when we are considering broadcasting we are considering something that will build upon all the good that has been gained through the centennial and Expo celebrations that we have enjoyed.

I think it is important to remember that we must do more than simply allow structures to exist. We must give them some direction. That is why I think it is so terribly important to look at parts of the report of the house committee on broadcasting, which I believe in some ways went beyond the work that was outlined for us in the white paper. On page 4 of that report the committee said, referring to the general objectives of broadcasting:

> A distinctly Canadian broadcasting system is essential to our national identity, unity and vitality in our second century. Transportation was a key factor in shaping Canada in the past. Communications will play a major role in shaping the Canada of the future. It has been said that transportation is the skeleton on which the Canadian body politic has grown during the past one hundred years.

This is the important sentence:

> In future, broadcasting may well be regarded as the central nervous system of Canadian nationhood.

I believe this is the kind of responsibility with which we are faced this afternoon. The committee went on to suggest that fundamental to any consideration of broadcasting policy is the fact that the airwaves are indeed public property. The minister suggested this today. We have a great responsibility, one that I suggest is not only to define the structures that will exist to encourage public and private broadcasting but also we must, much more than we have to date, define the objectives of broadcasting.

If we have been frustrated by situations which have arisen in either the private or public sector of broadcasting, if we have been concerned about the conflict between personalities or approaches, part of the fault must rest with parliament which has, I believe, failed in previous times to state the objectives that we earnestly hoped and desired would exist in broadcasting in this country. As the committee suggested in March, it is the responsibility of parliament to define the public interest to be served by our broadcasting system and to enunciate the national policy.

[Mr. MacDonald (Prince).]

What is that responsibility? In the first instance, surely it is to indicate how parliament is to entrust this precious opportunity of broadcasting so it will be faithfully exercised. One is struck by this fact in the reports of the Fowler committee of 1957 and 1965. One of the clear, ringing necessities that became apparent to the members of that committee was never fully explored by parliament. It is that there must be a full and complete line of authority so that all segments of broadcasting in this country are fully responsible in their own areas.

The difficulties that have existed throughout the last decade because of conflicts from time to time between the C.B.C. and the B.B.G., or between the C.B.C. and parliament or its parliamentary committees, are ones that surely must be overcome, or at least the framework for overcoming them should be established in this new legislation. It is my belief that unless we face the fact that there has to be a clear line of responsibility we will find ourselves far too often either in the house or in committee seized with internal problems of broadcasting with which we should not be confronted. This is suggested in the white paper, from which I quote the following words:

> These fears can best be dispelled by providing statutory machinery which distinguishes clearly between the total delegation of authority over programming on the one hand, and ultimate authority over the structure of the system on the other.

If we are not prepared to state clearly where the responsibility for broadcasting must rest on a day to day and month by month basis, I believe that all too often parliament will become embroiled in broadcasting questions which it has no real right or ability to become involved with. I am just as concerned, in giving broadcasting the necessary mandate to function creatively and productively, that we make it clear that no minister, no government and no parliamentary committee will become so involved in the business of broadcasting as to subvert its basic purposes.

The difference between public and state broadcasting is, I think, often confused in the minds of many. Fortunately we have managed to steer clear for almost 40 years of the dangers that are involved in state broadcasting. In public broadcasting we have attempted to achieve, but not always with

success, the ideal outlined by the Fowler committee report of 1965 which said:

> One of the essential tasks of a broadcasting system is to stir up the minds and emotions of the people, and occasionally to make large numbers of them acutely uncomfortable.

Unless a public system is allowed that kind of freedom, we are in danger of creating broadcasting institutions which may descend to becoming nothing more than the mouthpiece of a minister, a government or a parliament.

It is undoubtedly true that one of the major questions, if not the major one, facing us here, and certainly facing many who are concerned about the future of broadcasting in this country, is the problem of programming. I think that here we have entered into a new era of which we have not been conscious. The minister referred to it briefly in her speech when she said that we have basically established the necessary facilities to serve the country adequately. This is not to say that there are not certain glaring omissions. C.B.C. service is certainly demanded in provinces such as New Brunswick and Saskatchewan where it is inadequate as it exists.

• (3:50 p.m.)

However, we must recognize the fact that having spent hundreds of millions of dollars to establish a broadcasting service which is technically second to none we have reached a point at which the technical facilities and their placement may now be secondary to the content that is carried by it. Unfortunately, because of our preoccupation with the technical side of these rapidly expanding media, regulations have been aimed much more at quantity than at quality, and I believe we must give very serious consideration to the quality of broadcasting. I think it is of extreme importance to many that the board of broadcast governors should be given the necessary powers to exert greater control and supervision over all aspects of broadcasting. We must also overcome a kind of inferiority complex in our concept of broadcasting.

For some years now we have talked about Canadian broadcasting in terms of minimum Canadian content. Surely we should put it the other way and talk about minimum foreign content and realize that our responsibility is not to think of only having so much Canadian quality programming but rather to ensure that apart from a certain minimum of excellent foreign programming all else will be assumed to be the best kind of quality programming that private and public broadcasters can present to the Canadian people.

It is difficult, as I said in the beginning, to speak in any detail on a bill which can be conceived of only on the basis of what one may have gathered from reading various reports. Surely we should be giving special attention to the Canadian Broadcasting Corporation. Regardless of our many frustrations and at times disappointments with the C.B.C., it must be said again and again that we shall always be indebted to the technical achievements and gifts of the men who have laboured unceasingly to establish throughout this country a facility of which all Canadians can be proud. But we must not rest there and we must not think that our responsibilities conclude there.

One of the things which disturb me greatly is that in the redrafting of broadcasting policies we may conclude that by some slight adjustments in the appointment of the managing board we can overcome some of the deep-seated problems that presently exist within the C.B.C. This would be an enormous mistake and would perpetuate certain overriding problems which must be met. It is not just a question of new faces in the board room on Bronson avenue. It is a question of structural overhaul, a change of approach, an attitude which must reach all the way from Ottawa to the smallest grouping of C.B.C. staff wherever it may be operating.

I am most concerned that in our suggestions with regard to legislation setting out a new mandate for the C.B.C. we give adequate thought and discussion to the structural changes which are necessary to overcome the arthritic approach which has set in far too often in operations involving the C.B.C. Bureaucratic mumbo-jumbo should never have been allowed to exist in an industry which is at best creative and artistic and at worst some form of government administration or civil service agency which is more anxious to ensure the security of its employees than to carry out its responsibilities in providing a broadcasting service to the Canadian public. Perhaps this has been due to the fact that the C.B.C. has operated as an institution parallel to the government. It has in it far too much of the qualities of the civil service, not in its best but in its worst aspects. This must be set right in this industry if it is to do the job that we all hope it will. This structural overhaul must be considered in this place or else the new personnel charged with responsibilities will fail to know what are the overriding problems facing them.

I am also concerned that in the selection of these key people who will serve as members

of the board and as senior officers in the corporation—

The Chairman: Order. I must advise the hon. member that the time allotted to him has expired. Does the committee give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Mongrain: No.

The Chairman: I hear an objection.

Mr. Prittie: Mr. Chairman, it is unfortunate that the hon. member was not allowed to continue because I would have liked to hear the remainder of his remarks.

The occasional reader of *Hansard* interested in broadcasting matters may wonder why at this particular point we are dealing with a resolution. We have been promised a new radio act and we do not have it, but the puzzled reader must realize that under our procedures resolutions precede bills and, as the previous speaker mentioned, we are dealing here in generalities and not until the resolution stage is completed will we have the bill and see the new legislation in which we are all very interested.

As the minister pointed out, perhaps few subjects in Canada have been as widely investigated as broadcasting. To name the most recent investigations, we had the committee of Mr. Robert Fowler, the government's white paper and the rather lengthy hearings of the committee on broadcasting. As a member of that committee and as a member of the steering committee which helped draft the report to the house I am of course very interested in seeing the new legislation and seeing how close it comes to the committee's recommendations. I should say that within the committee there was a large degree of unanimity among the members of all parties on the form of legislation which we should have. For example, I can agree with much of what the previous speaker, the hon. member for Prince, has said. There was no serious disagreement among the members of all parties on the main principles concerning broadcasting in Canada.

One can only deal with a small part of the large picture of broadcasting within the limits of a debate such as this one and therefore I will focus on one particular aspect of this matter which has to do with the objectives of broadcasting, what it is all about and the purpose of this extensive collection of talent and equipment in Canada. In my view the primary purpose of broadcasting is neither to sell products nor to provide transmission facilities for programs coming from other countries. If these were the primary purposes we might as well ask the United States networks to do the job because they can do it very well.

The principal purpose of broadcasting in Canada is to produce Canadian programs of all types for Canadians. For some it would be Festival, for others Wayne and Shuster, for others Don Messer's Jubilee and for others Wojeck. All of these programs may be for the same people. In addition to these programs of entertainment there are public affairs programs both on the C.B.C. and more recently on the private network. I think we do them rather well in this country. However, the main point is the Canadian content in broadcasting.

• (4:00 p.m.)

This has been highlighted recently by the campaign which the Association of Canadian Television and Radio Artists has mounted in this country to persuade the operators of the networks to put on more Canadian shows and hire more Canadian talent. It is not our place as parliamentarians to be organizers for any particular group. Our job is to say what we believe about broadcasting and what it has to do. We leave the job of organization to the broadcasters and to the performers. However, in their campaign during the last month or two these people have featured this point. I know there is quite an argument at the present time between the Canadian television networks and ACTRA concerning the accuracy of the figures ACTRA is using.

Quite apart from that, some facts do stand out. It is a fact that a great many talented Canadians have left to go elsewhere. It must be obvious, of course, that I am speaking particularly about the English language television network. It is a fact that Hollywood, New York and London are filled with Canadian performers who have left this country. Some of them would have moved on anyway but many have gone, and have said so, because work opportunities were not available in this country. I could take the time, but I will not, to read a list of such people.

It is a fact that there is not a great deal of Canadian content in the programs which occupy the prime television viewing time on the English language networks. I am being arbitrary here because I am speaking of the period between eight o'clock and ten o'clock in the evening. All you have to do is look at the

daily television schedules in the newspapers for both the C.B.C. and C.T.V. to have this fact confirmed for you. The broadcasters have a variety of answers for the lack of Canadian content in programs put on during that period. They say, we would like to do more. Nevertheless, this fact remains.

I do not believe that those of us on the broadcasting committee who drafted this report were unrealistic. We knew very well that Canadians like to watch television programs coming from other countries, particularly from the United States, in addition to Canadian programs. I should like to quote just what we said on this subject. On page 5 of the report of the committee on broadcasting we find this statement:

> We are convinced that Canadians want radio and television programs of Canadian origin and character, although programs produced in the United States are available to a majority of Canadians who obviously enjoy them. A Canadian identity demands public affairs and news programs about Canada and about the world through Canadian eyes. Canadian broadcasters have a special responsibility to provide such programs because they will not come from any other source. Although the United States will continue to be the source of many dramatic and variety programs on Canadian stations, Canadian broadcasters must develop such programs in Canada to the fullest extent which availability of talents and resources permits.

I do not feel that this has been done, that we have produced in Canada the dramatic and variety programs that could be produced with the use of Canadian people. I was just looking at the report of the Canadian Broadcasting Corporation for 1966-67 and I noticed the following item on page 14 with some interest. It is headed "Table 9—Origin of programs in hours on C.B.C. television networks—winter week". The origin of programs on the English language network in Canada was 40:48 and for the French network it was 60:35. There is, therefore, 20 per cent more Canadian content on the French network than on the English language network.

I know that so far as the French network is concerned this is the result of necessity. When that network started there was simply no French television network in the world, so they had to start from scratch to build their own programs. They did so successfully and are continuing to do so. I am suggesting that this can be done in Canada if we give direction to the broadcasters and if we give them the funds to do the job.

I also noticed in the same C.B.C. report for 1966-67 another very interesting graph on page 12. It is headed, "Graph 6—Audience sizes in persons for some representative commercial programs on English language network television, in January, 1967". The graph is broken down into Canadian produced programs and foreign produced programs. I will admit right away that the leader is the Ed Sullivan program. However, not far behind it we find the hockey program. There are some other interesting comparisons. According to this graph, the Tommy Hunter show had about 3.25 million viewers. This, of course, is a Canadian program. Among the foreign produced programs, the Bob Hope show had about 2.25 million viewers. Quentin Durgens, M.P. had about 2.25 million viewers and Hogan's Heroes about 2 million viewers.

I merely mention these figures to show that Canadians will watch Canadian programs if they are good. I could add to the programs I have mentioned because there are many others. Of course, the success of the program, This Hour Has Seven Days, was quite fantastic. It outdrew everything but hockey. The point to which I come back is that Canadians want Canadian programs provided they are good programs. The charts reveal that they will watch these programs if their quality is good.

As I said earlier, I believe our task as members of parliament is to get the message across to the broadcasters, both public and private, that this is what we want done. We will have to have a very close look at the legislation to see if it contains anything specific by way of direction to the broadcasters or whether the job is delegated to the regulatory authority. Nevertheless, the job has to be done and Canadian programs provided for Canadians. This is important for many reasons. One could use a great deal of high-flown language about national unity and cultural identity. I suppose all of it would be true and there would be nothing to be ashamed of in that. However, almost every country in the western world takes care of its artists and we in Canada should do exactly the same thing.

If members generally agree with the point of view that more Canadian programs are required they should be prepared to pass the necessary legislation to implement this idea and to see that the necessary finances are advanced for the public part of the broadcasting system. The complaint of the C.B.C. is that they are forced to go more and more into commercial operations and very often the source of these funds comes from outside the country. It is incumbent upon us, therefore, to make sure the broadcasting corporation has

the necessary funds to do the kind of broadcasting we think it should do with Canadian talent. There is also a responsibility on the private broadcasters in this connection.

There is one section in the report which I think is quite significant and which has been largely overlooked by the people who comment on television. Some Canadian private broadcasters face what I believe is unfair competition from outside the country. They are facing competition from people who are not required to meet the regulations concerning Canadian broadcasting. These competitors are taking some of the advertising money which rightly should go to Canadian broadcasters so they can do the kind of job we want them to do. I think this is one area at which we need to look. This problem is not unlike the one which came up a few years ago when we were discussing the question of Canadian publications and the O'Leary report.

I simply conclude, Mr. Chairman, by repeating that one cannot argue with the general principles of broadcasting outlined by the minister in her brief remarks. One can also agree with many of the things said by the hon. member for Prince. I think we will all agree that Canadian broadcasting should be carried on more by Canadian talent than it has been and it will be our task as legislators to see that the broadcasters do this and that they have the means to do it.

• (4:10 p.m.)

[*Translation*]

Mr. Laprise: Mr. Chairman, we are being asked today to take a stand on a resolution which reads as follows:

> That it is expedient to introduce a measure to implement a broadcasting policy for Canada, to amend the Radio Act in consequence thereof and to enact other consequential and related provisions.

On reading this resolution on the order paper, I was somewhat surprised. I wondered what the government was doing in that field because every time we have asked the present Secretary of State (Miss LaMarsh) or her predecessors to account for certain doings of the C.B.C., the minister replied that the C.B.C. was a crown company and that the government should not intervene so as to respect freedom in public affairs.

Well, the introduction of this resolution gives us the hope that very shortly we will have at least something to say about the actions of this crown corporation which penetrates into every circle and every home.

[Mr. Prittie.]

Like my predecessors, I recognize that it is quite difficult to express a definite opinion on this resolution because it does not say much, and the Secretary of State did not give much information in introducing it. However, I am convinced that when the bill is before us, we will have a better idea of the government's objectives concerning this crown corporation.

Mr. Chairman, a few moments ago I said that not only the members of our group in this corner of the house but many others have asked the government on various occasions for information about the activities of the C.B.C. Those requests resulted from protests made by responsible people in public life who were shocked sometimes by the kind of programming offered. In fact, in 1965 a group of 76,000 women protested against the immorality of the C.B.C., as reported in *Le Devoir* on March 25, 1965, and I quote:

> Seventy-six thousand Canadian women have signed a petition which was handed over yesterday to the Prime Minister, requesting the C.B.C. to stop propagating "perversion, pornography, free love, blasphemy, narcotics, violence and crime."
>
> Those women want the C.B.C. to "clean up" its television programs. The petition, which was signed by women from all the provinces, requests Parliament to "put a stop to the domination of a minority that takes advantage of television to propagate perversion, pornography, free love, blasphemy, narcotics, violence and crime."

At about the same time, the Knights of Columbus, meeting in convention, proposed a resolution that read partly as follows:

> Resolved to protest strongly to the Secretary of State against the policy of the C.B.C. of allowing in certain programs communistic leftists, agnostics, terrorists and other promoters of discord to encourage class struggle, contempt for religious, civil and judicial authority.
>
> Resolved to ask the federal government to set up an efficient censorship at the C.B.C. to eliminate at least from our government networks those programs glorifying crime, violence and immorality in all its forms.

Almost at the same time, Hon. Frédéric Dorion, chief justice of the superior court of Quebec, stated:

> Unfortunately, I am also aware that all these efforts to maintain order and protect morality are too often thwarted by certain publicity media such as television for instance which often put on programs so immoral and indecent that honest viewers, particularly fathers and mothers become indignant.
>
> This communication medium which is now in almost every home, bringing in both word and picture, has become a need and an extraordinary medium of propaganda. For anyone heartily interested in protecting Christian principles which, whatever may be said, are still fortunately the framework of our society, it will be sufficient to view and listen to scenes such as we witness

several times a week to bring home the fact that television is often the best school of perversion and immorality, particularly when it is realized that it practically forces its way into our homes.

Is it proper, for instance to show that firearms may be used without any personal risk, to exalt the achievements of bandits by showing their skill, so often to have violence and fraud triumph albeit in the service of justice, to emphasize the indecency of unkempt boys and provocative and eccentric girls.

Mr. Chairman, those are a few of the protests put forward during 1965. Others have been made before and since and what has been done? It seems that nothing has been done by the C.B.C. to purge its programs which find their way in almost every Canadian home.

• (4:20 p.m.)

If C.B.C. directors are unable to correct the situation and restore order within their organization, I think that the minister's bill should include provisions designed to help them to effect a clean-up and, if necessary, to remove or reject any element in the programmation likely to endanger morals.

Mr. Chairman, I hope that the hon. Secretary of State of Canada will provide in her bill clauses to protect the public from those programs.

I noticed that in her speech, the hon. Secretary of State mentioned that all Canadians have a right to broadcasting services. Mr. Chairman, if such is the intention of the Secretary of State, I hope that it will be carried out soon, because many Canadians in my region are still deprived of free broadcasting services like those enjoyed in urban areas.

This is the situation in the Chibougamau-Chapais and the Clova areas, which are also in my riding, as well as in other areas all over the province and the country. These are the areas I am speaking of.

We are told that the Chibougamau-Chapais area enjoys radio and television services. Yes, but the people have to pay exorbitant prices which are almost scandalous. These people, when they buy products announced on television, are already paying for their television set, and they are forced to pay $200 plus $8 per month plus the Quebec provincial tax for the right to enjoy television broadcasts.

Mr. Chairman, I think that it is the duty of the government and the C.B.C. to serve areas which are considered as remote, to go into those districts in order to give them free of charge, as elsewhere in Canada, the broadcasting services to which they are entitled, inasmuch as private industry cannot economically do so. Moreover, this can be read in the Fuller report on broadcasting and those are the very words of the C.B.C. directors and I quote from page 124:

Whether Canadians live in remote or heavily populated areas the national system should serve them as adequately and equitably as possible.

Mr. Chairman I am told that if the C.B.C. is to serve all areas, it will have to be provided with adequate funds to extend the broadcasting network to those remote areas so that the people who live there may benefit from its services.

Mr. Chairman, these are the only comments I wish to make at this stage. I hope that the Secretary of State of Canada will keep them in mind and that she will get the co-operation of the Minister of Finance in allotting the necessary funds to the C.B.C., so that every section of the country may be treated fairly.

Mr. Mongrain: Mr. Chairman, I should like to begin my remarks by raising the question of privilege in order to say a few words about a matter to which I addressed myself last week, but which I would like to take up again so that hon. members may clearly understand the motives behind our attitudes for the last week or two.

Two weeks ago, a number of members on this side of the house agreed to refuse to allow extra time, as stipulated in the regulations, to the members who address the house, except perhaps in the case of ministers and party leaders.

We feel that these regulations were drawn up by experienced people who knew where they were going; we think that if they decided upon a time limit of 7 minutes in some cases, and 20 or 30 minutes in others, they had their reasons. In our opinion, the members of this house are all experienced enough to time their remarks as they would if they were to speak, for instance, on radio or television. When extra time is granted some people encroach upon the time available; they take an additional five, ten or fifteen minutes, with the result that other members are deprived of an opportunity to express their views.

I am explaining once more this attitude, which is not only mine but also that of a group of members in this corner of the house, in order that it be well understood that there is nothing personal in this, and I hope that nobody will be offended if from now on we insist that the rules be strictly adhered to. If it is not suitable, then whoever is responsible for it should change it. If whoever is

responsible decides to grant a minute or two more in cases where sentences or arguments are not complete, fine. In any event, there is a committee to take care of such things. But, so long as standing orders are what they are, we intend to demand that everyone complies with them.

Mr. Chairman, with regard to the resolution, like all the other members I realize it would be pointless for me to dwell on it unduly. That is why I shall limit myself to one very brief remark for the simple reason that we do not have the bill before us. Moreover, before taking a personal stand on details —I know some members who have far more experience than any of us and who can speak of the technical aspects of the organization of the C.B.C. with much more authority—I shall make but one simple remark.

Under our present system, I feel that a situation exists which strikes me as illogical and contrary to a democratic principle that should be recognized. At election times, those candidates who can find election funds, God knows where, snow people under an avalanche of slogans and speeches, and monopolize the radio and television networks. If only they had practiced the art of oratory beforehand, it might not be so bad. But many of them go before the mike or the camera with so little preparation that I feel they do themselves more harm than good.

Well, Mr. Chairman, to my mind there are two abuses in this connection: in the first place, television time is misused; the people grow tired and are so fed up with all that political hanky-panky that most of the time, they switch off their television set whenever a speech is about to be delivered. Another thing also happens: some candidates, because of lack of funds or because they are unwilling to have their hands tied by accepting contributions from all and sundry, are deprived of the opportunity of presenting their views to the electorate.

I think, Mr. Chairman, that there is some discrimination here. And in my opinion, we should be concerned, when formulating the law that will from now on govern the C.B.C., with providing a little more justice in the allocation of time to the candidates from various parties.

It seems to me that some steps could easily be taken such as, for instance, putting a limit on the time which will be allotted. And, I think that everyone will be quite happy to see such a measure for a limitation of the time and also possibly some action with regard to the cost of those programs. If we really believe in the democratic system, so far as I know, a man is not a better candidate or a better M.P. because he was fortunate enough to get large contributions from big companies or rich parties. I do not think that the fact he can buy 20 times as much broadcasting time as the candidate of a splinter party or an independent candidate will make him a better member.

[Mr. Mongrain.]

Mr. Chairman, I think that there is some discrimination there about which, so far, we haven't objected very often. Is it perhaps because splinter parties accept more readily that kind of martyrdom forced upon them, that is to always play the part of the poor cousins? Is it perhaps because more powerful parties cannot take the heroic decision of restricting their electoral expenses? But I will go a bit further and suggest to the members of the old parties that it might be wise of them to do so, because I think they realize themselves that the eagerness with which subscribers contributed to electoral funds a few years ago is beginning to abate. They probably also realize that they will soon run into difficulties themselves if they do not decide to pass legislation limiting all bona fide candidates to the same amount of time, so that radio and television no longer be used to overhelm the people with electoral speeches or slogans which are not always intelligent.

• (4:30 p.m.)

[*English*]

Mr. Thompson: Mr. Chairman, my comments on this resolution will be brief. We in the Social Credit party are pleased that the subject of the Canadian Broadcasting Corporation has finally come before the house. We welcome this resolution. It is a long time since we first began talking about the need to revise our broadcasting regulations and the whole field of broadcasting in Canada. Whatever the final form of the legislation may be it is encouraging to find this topic being dealt with, as it should be, here in the house.

It seems to me to be conveyed by the Fowler commission report that program content is of more consequence than administration, that any other aspect is merely housekeeping. Yet the feeling in the committee was that basically the problem today is one of housekeeping and that program content is of secondary importance. There is no

question in my mind that regardless of programming housekeeping is of urgent importance in the field of broadcasting today.

For the last number of months, for example, the C.B.C. has been virtually without direction. It has a president who for all intents and purposes has resigned. At least one of the senior vice presidents has resigned. So far as over-all supervision is concerned, the C.B.C. has been without leadership for far too long. It is about time these vacancies were filled. However, I can sympathize with the government and the minister because I am sure it is not easy to find a man of the right type with the right background or, when such a man has been found, to convince him that he should take a position of this kind. Broadcasting has now become so great a problem that positions of responsibility within this field might well be considered as unattractive.

Nevertheless, the corporation remains the people's own broadcasting system, brought into being by parliament itself. It is one of our most important institutions in that it contributes to the development of a national sense of purpose and an understanding of what is meant by "Canadian". In addition, it has the responsibility of providing programs suitable for Canadians across the board. In these circumstances it is a good thing that we shall be dealing in due course with the government's recommendations in regard to broadcasting and that the necessary resolution is now before us.

On many occasions over a number of years I have been extremely critical of the C.B.C. This does not mean that we in this group are opposed to the existence of the corporation. Indeed, I regard the C.B.C. as an important and vital part of the Canadian scene. Canada is at best a difficult country to govern. It is not an easy task to supply television and radio broadcasting to all the various areas, geographic or social, of Canada. Certainly this task is beyond the scope of private broadcasting if only because of economic considerations. I do not imply, of course, that private broadcasting does not have a role to play. Indeed, I would say it has a role of equal importance. What is discouraging to me is that the C.B.C. is failing to meet the requirements of a national broadcasting system. It is not meeting these needs as it should.

This is partly our own fault. How many times when we have endeavoured to bring to the attention of the government certain problems affecting our constituents, or sought to obtain information from the minister responsible to this house, have we been told that it would never do for politics to play any part in the affairs of the C.B.C. and that it would therefore be impossible for the government to attend to the problems raised or to supply the information requested. On the other hand, when we address protests directly to the C.B.C. or require answers involving policy in any way, we are told by the corporation that these matters do not concern them and are the responsibility of the government. This is the frustrating position in which many members of the house have found themselves and for this reason I believe it is vitally important that there should be a complete change in the policy-making set-up and in the nature of the supervisory and administrative authority of the senior officers in order to place upon them a specific and definite area of responsibility for the policies followed in public broadcasting. A similar system should likewise be followed with regard to policies which govern private broadcasting.

It has been my privilege in recent years to have travelled in a number of countries in which there is a public broadcasting system and to observe, at least in an elementary way, the policies followed in those countries. I am thinking of the Scandinavian countries, of New Zealand, Great Britain, France and Germany. Of all those countries where I have seen a public broadcasting system at work, the one which has impressed me most is the one now functioning in West Germany. No doubt hon. members will recall the situation which existed in that country 30 years ago. Even then we were able to see that when direct interference with broadcasting was possible the democratic process became a secondary influence. Hitler, in his rise to power, found that though he could not gain the support he needed through direct political processes he could do so indirectly by taking over the broadcasting system. He was able to bypass his opposition in this way. Indeed, as I have said before, he really burned the Reichstag when he took over the German broadcasting system.

In Germany, having learned their lesson from what happened in the days of Hitler, they have set up a system which places responsibility directly upon the people themselves. This has been done by setting up an advisory council representative of all the democratic organizations in the country. The influence of this council extends not only to broadcasting such as emanates from the C.B.C. but to programs put on by private

broadcasting companies and completely commercial transmissions.

• (4:40 p.m.)

To me the most interesting facet of the German system is that they have set up an advisory council upon which both provincial and federal legislatures are represented. In addition, the various democratic organizations such as home and school associations, civic clubs, universities, teachers' associations and so on have direct representation on the council, not by appointment by name but by appointment through office held. The advisory council was given the opportunity to advise the district executive officers of the national broadcasting corporation on matters of program content and on basic over-all policies. This has worked remarkably well. It has given the public an opportunity to have a say in programming direction in much of the broadcasting system. At the same time it has placed a direct responsibility on those who are appointed to manage the organization itself.

It is my hope that in the legislation which will follow this resolution there will be some provision for an organization of this type. Certainly it is not parliament which can in practice assume this responsibility. It may be all right to say that in theory it does, but it cannot really do so in practice simply because of the inadvisability on the one hand and the fear on the other hand of politics becoming directly involved in public broadcasting.

Another point of particular interest to me in respect of the German broadcasting situation is that there was no attempt through the public broadcasting system to set up a huge multimillion dollar organization so far as physical ownership of transmission facilities or production facilities is concerned. The whole aim and purpose of the national broadcasting system in Germany is to provide a certain type of programming and programming assistance without the acquisition and development of a huge physical empire. This is one of the fears I have in respect of the Canadian Broadcasting Corporation because in terms of budget allowances for the C.B.C. we continually find in the estimates millions and millions of the taxpayers' dollars invested in buildings and in the setting up of an organization in the material sense rather than in the sense of facilitating a service, which I think is the basic responsibility of a broadcasting corporation.

There is another matter which should be considered in respect of private broadcasting. It has to do with the question of whether or not public broadcasting should also be in the area of commercial sponsorship or whether this is an area which should be left completely to private commercial broadcasting. This is another aspect in respect of which a basic decision must be made concerning policy. Surely it is an extreme hardship on private broadcasting, which in my opinion is equally as important as the public aspect, when it must compete with a state subsidized organization such as the C.B.C. which does not have to relate its charges or costs to commercial income but can subsidize its commercial operations through the direct allotment it receives from the public purse. In Germany, for example, private broadcasting must earn its own income and pay its own way through private and commercial sources and public broadcasting is entirely the responsibility of the federal budget which supplies its allotment. It seems to me that we would be able to raise the standard of private broadcasting and relieve many of the problems it faces if we were to follow such a policy. Certainly it would be more equitable. I hope that this point will also be dealt with in the legislation.

Then there is the problem of the remote areas of Canada. This is one of the great geographical problems we face. From my contact with people who live in the remote areas, particularly the far northwest, it has become clear to me that there still is not adequate program coverage by the C.B.C. Certainly those people who choose to live and serve their country's needs in those areas should not, because of distance, be denied the same facilities and the same type of programming that is enjoyed by those who live in southern Canada. I also hope that the legislation will make adequate provision in this regard because this is a very urgent aspect of the broadcasting policy.

It would be possible to go on and on in dealing with the new legislation, but in closing I should just like to say that one of the moral responsibilities which I believe parliament has in respect of the people we represent is to make sure that we provide a basis for broadcasting in Canada which will not only meet the needs of our people but will do so in a more equitable and just manner. Perhaps this is a cliché which has been worn out by usage but I believe it is important. The Canadian people have every right to expect that the programs which come into their homes either through radio or television will be just as helpful as the water which flows from their taps. In setting up the administrative organization and in making provision for

the policies to cover broadcasting we must fulfil our responsibility to the Canadian people. After all, that includes ourselves as well.

I commend this resolution and certainly support it most completely because it is one of the most important topics with which we must deal in the remaining months of this session. So I say again that we look forward to the legislation and the debate which will follow.

Mr. Stanbury: Mr. Chairman, as one who during the last session had the privilege and responsibility of chairing the standing committee on broadcasting, films and assistance to the arts, I should like first to express my appreciation to the members of that committee who spent many long hours considering the government's white paper on broadcasting and hearing witnesses from many interested groups in Canada and also from abroad. Particularly I wish to express my thanks to the vice chairman of the committee, the hon. member for Montmagny L'Islet, and the other members of the steering committee, the hon. member for Royal, the hon. member for Burnaby-Richmond and the hon. member for Okanagan-Revelstoke. These members contributed a great deal indeed to the report which was made to this house on March 21 last by the committee.

I hope that the recommendations contained in that report will be reflected in the bill which the Secretary of State will be revealing to us shortly. I want to thank her for her comments about the work of the committee and for her assurance that the bill will reflect some of the thinking of our committee. I believe the committee's report was generally well received and was constructive largely because members of the committee approached the subject with that sense of responsibility referred to by many hon. members today as being of the highest importance to Canada. In the committee the subject was approached in a non-partisan manner. I hope that approach will persist during consideration of the resolution and the bill to follow.

• (4:50 p.m.)

Committee members realized how vital broadcasting is to the fabric of our country. But may I say, Mr. Chairman, that the committee did not do its job as well as it might have, any more than our broadcasting system has performed over the past 35 years as well as it might have. The magnitude of the challenge to all of us dealing with this subject is of the same order as the importance of the subject to our country. It is a subject of such importance that it is probably not possible for this parliament to do complete justice to it, nor will it be possible for whatever structure we create to do the job as well as the need demands that it be done.

Our chief challenge in redrawing legislation for broadcasting is to achieve public control of our broadcasting system without government direction. This is a most difficult task, but it is one which was approached in the white paper in a way which received the general approval of the broadcasting committee and of commentators throughout the country.

The white paper looks to the establishment of an authority which will oversee all broadcasting in Canada. It goes without saying that it will be extremely important what instructions we give to that authority and what kind of personnel it will have. In this connection I think it is appropriate to refer to an editorial in the magazine, *Actra*, of September 6, 1966 which said that the B.B.G. should be:

> —composed of individuals whose one concern will be to strengthen the political, social and economic fabric of Canada through the encouragement of Canadian programming; who will bow their heads to no commercial pressure; and who will not see as part of their function the need to protect and augment private profit at public expense or public bureaucracy for political expedience.

The new supervising authority will be extremely important to the functioning of our broadcasting system, but I hope we will not lose sight of the fact that the most important element in our broadcasting system is the Canadian Broadcasting Corporation which was established some 35 years ago to serve the public interest through broadcasting in Canada. The closing paragraph in our committee's report underlines this fact:

> We express our conviction that the primacy of the public sector should be the paramount and continuing objective of the new legislation; that we must make more effective, and not undermine the main instrument by which "national consciousness may be fostered and sustained and national unity still further strengthened."

Those last few words were a quotation from the speech of Right Hon. R. B. Bennett, when he introduced the legislation establishing the C.B.C. He saw the C.B.C. as the main instrument by which "national consciousness may be fostered and sustained and national unity still further strengthened."

It is clear that this objective set forth by a Conservative prime minister some 35 years ago should be one shared by all parties in the house today. It is an objective which might

well be applied not only to our public broadcasting corporation but to our entire broadcasting system, both public and private elements.

I think the challenge before us as we approach this legislation was well stated in an editorial in the Ottawa *Journal* of July 5, 1966, and I leave hon. members with this quotation from it:

> Broadcasting is perhaps the most important single influence in our nation today: let us all give this new consideration of it the care it deserves.

Mr. McCleave: Mr. Chairman, first of all I would like to throw a bouquet to the minister, and since she has moved her seat somewhat it will be a little farther to toss it.

Miss LaMarsh: Go ahead.

Mr. McCleave: And since one seldom throws bouquets to ministers I suppose it is only fair to attach a piece of string to it so I may yank it back—

An hon. Member: Shame.

Mr. McCleave: —should some surprise appear in the legislation. However, I do not think that will happen. I believe that the minister in her six-minute speech fairly placed before us what we may expect in the new broadcasting act. It was a speech that can be commended for the three or four major points it made. It was a speech that can be commended for its brevity, and I shall try to match it in that regard. On reflection, at this point I suppose I should make the throwing of the bouquet unconditional and so I cut the string and the bouquet is her's 100 per cent.

I should like to spell out the attitude of the official opposition with regard to possible future hearings by the broadcasting committee with respect to the new legislation. We do not feel that committee hearings will be necessary if there are no matters in the bill other than those contained in the white paper which the committee has already had a chance to consider and to hear witnesses testify in regard thereto. If there is no new material in the bill we do not think it necessary to hear old arguments repeated again. I think the standing committee did an outstanding job and spent a long time in assessing the points of view that were presented to it. But if there is something new that has not been considered by the committee we think it should at least have the right to consider the legislation and hear witnesses on the new points introduced.

[Mr. Stanbury.]

• (5:00 p.m.)

The other point I should like to make concerns the five year financing plan suggested by the minister. I realize that this matter is to be dealt with in separate legislation, but there are four thoughts that come to mind in this connection. First, we on this side of the house will be very zealous to guard against massive control by government of the affairs of even a state-owned broadcasting corporation. Controls perhaps, but they must be controls properly exercised at arm's length. Second, we will be jealous about the measure of parliamentary control over a large amount of public spending. Third, we will be very cautious in our approach to how the money is doled out. One might ask, as the hon. member for Peace River did behind the curtain a few minutes ago, and I hope I deliver the line as successfully as he did: How many years would it take the C.B.C. to spend a five year grant?

Some hon. Members: Oh, oh.

Mr. McCleave: Thank you. Fourth, the government's record in the field of inflation would probably make any five year system of grants unrealizable and the grants program would have to be reviewed from time to time during that period.

The minister made one point that I think deserves a brief comment. I refer to the suggestion that we set forth in statutory form the objectives of Canadianism. I think the obvious failure of broadcasting legislation in the past has been due to the fact that while we in the House of Commons and in the other place have expressed our sentiments about a Canadian system, we have not been able to translate those sentiments into effective legislation. I believe we must be pretty specific in this broadcasting legislation to ensure that the objectives of Canadianism are reached.

As one artist wrote me this morning, "Under our current set-up we are really the fifty-first American state." I think the point of view of that Halifax lady is well expressed. In the entertainment field, as noted by previous speakers, there is a feeling among the actors' groups that they do not enjoy the access to broadcasting that other Canadians enjoy, for example, in the field of sports, public affairs broadcasts and the like. It would be a pity if our good, Canadian artistic talent had to go to the United States or abroad to express itself. Therefore, Mr. Chairman, I am thoroughly in favour of statutory direction toward obtaining the Canadianism that we all want.

[*Translation*]

Mr. Lachance: Mr. Chairman, I do not for a moment suppose that my remarks on the resolution before us will change the bill which will be introduced shortly for first reading. However, I want to express them in this house so that, during the debate on this piece of legislation, if an amendment is moved, we may discuss it seriously.

It would be easy for me to join the protests raised throughout Canada, especially in recent months, on the manner in which the board of broadcast governors discharged their administrative duties and also on the quality and choice of programs on our national networks, either television or radio.

At the present time, I must admit that I find a malicious pleasure in the way some so-called public affairs, cultural, educational or entertainment programs are staged by a small group of so-called intellectuals or artists—quite often of questionable taste—who have no other concern but to promote their own popularity or their personal views. I must also say that the behaviour of those individuals amuses more than it irritates me and that the escalation of their stupidity is only equal, quite often, to the complacency shown towards them by the officials of the networks and even by parliament, we must admit, who is responsible to the people for public expenditures.

This new legislation will help rectify, I hope, some gross abuses and meet our present and future needs.

However, Mr. Chairman, let me express a personal opinion about the opportunity of encouraging private enterprise to develop a network and to complete our T.V. and radio network so that we may set up a greater number of French stations in areas where the English language prevails and English stations in areas where the French language prevails.

That contribution from the private sector would of course be an excellent way to promote the French and English cultures in our country and, therefore, better understanding between all Canadians.

At the present time, Mr. Chairman, there are not enough people in some areas to set up French or English television and radio stations. Therefore, if the government went into partnership with those individuals or offered to share the cost of setting up those radio and television stations, first the private sector would make that important contribution which, one knows, is a very good thing, and then, it would be possible to increase the number of television or radio stations.

There would not only be government participation but also the possibility of sharing in the operating profits of these television and radio stations and that is where the interesting part of the matter comes up.

It would also be appropriate, I think, that the government eventually withdraw from this joint operation with private enterprise because, in my personal view, it would be beneficial if the government were to leave as much as possible the administration and programming of the various radio and television stations, to private enterprise, while sharing administrative responsibility or having a joint administration board as is the case in the great government television and radio networks of certain countries.

Mr. Chairman, that is my suggestion. It might then be advisable, if people took up the offer, to buy back the station over a certain period or, at least, of having a first option to buy if the government were to decide to leave the ownership of such stations to private enterprise.

However, if two cultures must be disseminated throughout the entire country Mr. Chairman, a new element will necessarily have to be brought into this development and it can be achieved through private enterprise. I hope that the legislation which will be brought down will provide for the setting up of such a system.

• (5:10 p.m.)

[*English*]

Mr. Jamieson: Mr. Chairman, let me say, if you will permit, that after 25 years of broadcasting experience this debate reminds me of a poem which seems appropriate to this occasion as it has been for the whole 25 year period so far as broadcasting is concerned. I cite these lines by Omar Khayyam:

> Myself when young did eagerly frequent
> Doctor and Saint, and heard great argument
> About it and about: but evermore
> Came out by the same door where in I went.

When I recall my experiences in the broadcasting field it seems to me that much of what has been said this afternoon has been said many times before and I suspect will be said on a great many occasions in the future. The legislation that we are to see introduced today has been a long time in coming, and I commend the minister for resisting the pressures of recent months and, indeed, even of years, to speed up the introduction of the legislation

because I hope that the document we will see unveiled at the end of the debate on the resolution will be a comprehensive effort to prevent the kind of merry-go-round in which we have been involved for so long.

This afternoon we have heard references by the minister and others to the fact that this legislation has been two years in planning. Actually it goes back even farther than that, certainly to 1963, and from that time to this day there has been an almost continuous dialogue on how we should try to solve some of these problems.

I confess, without having seen the legislation, that I am not wildly enthusiastic about its potentialities to solve the problems of this complex medium. As I have said on previous occasions, and it is appropriate again today, you cannot legislate good broadcasting. In fact I think that the most that legislation can do in the broadcasting field is to prevent the worst from happening. I have seen no evidence over the years that legislation can bring out the best. So while I recognize the necessity for legislation and while I express the hope that it will be comprehensive, I do not think any of us in this chamber or in the country should be in any way, shape or form, enthusiastic about it and assume that once it is passed all of the problems will go away, because that is simply not going to be the case.

One of the reasons for this had its beginnings as far back as 1957, almost ten years ago to the day, when at Mount Allison University I met the then minister of national revenue, a gentleman for whom I as well as many others in this chamber had great respect, the late hon. Mr. Nowlan. He was then planning the legislation under which we are now operating. We spent a great deal of time during that meeting trying to cope with many of the matters which I have heard brought up again this afternoon. Indeed, there is a striking similarity between the references that have been made here and the generally conscientious efforts that were being made ten years ago to solve the same kind of problems.

The criticisms that have developed over the past ten years, the controversies and the difficulties that have surrounded every phase of broadcasting, really cannot be laid at the door of the legislation which was brought in in 1957 or 1958; I do not recall exactly when it was promulgated. There were inadequacies in that act, as I am sure there will be in this one. But the real culprit, if that is what one can call it, has been the fantastic growth in broadcasting over the past decade and also an incredible and remarkable change in public attitudes. I think that both of these factors have to be considered together if we are to have any kind of proper perspective toward the task we are now undertaking.

Even the most expert person of ten years ago could not possibly have forecast what has since developed in television from a purely technical point of view. For example, I recall many a seminar in those days at which those farsighted people who forecast satellite transmission and coast to coast microwave networks, two of which we have today, were laughed at. The very concept and the very idea, putting aside for the moment political or philosophical considerations, of two networks, one public and one private, spanning this country was at that time and for many years after 1957 declared to be an absolutely unreal conception. We can see how fast things have gone ahead in that decade. This in itself has helped to pace the legislation.

The other thing that has happened is the evolvement of tremendous change in social and public attitudes. As a broadcaster I can recall the time when less than ten years ago I had a most serious discussion with the Board of Broadcast Governors on the whole question of obscenity and the propriety of certain types of language on television. I recall that we had to deliberately "beep out", to use an expression familiar in the trade, a word which I am not sure is parliamentary even to this day, a simple "damn" which was used in a statement made by someone in a film. A few weeks ago I witnessed on a private station, so this is not a criticism of the C.B.C. and indeed I am not sure if it is a criticism at all, a news report which many hon. members perhaps saw. It had to do with a most unfortunate incident involving the adoption of children. In the scene which was shown in this new cinéma vérité technique for the coverage of an event the most remarkable obscenities were used by all concerned and particularly by some of the principals to this action. While, as I say, I am not at the moment commenting on the propriety or otherwise, I am pointing out the vast changes that have taken place. I am told there were criticisms but that by and large the audience took it in its stride.

I have spoken of this incident because today I do not propose, and indeed I am not in a position to because I have not seen the legislation, to deal with the specifics of broadcasting problems, but I do want to say something which some hon. members will know I have said on many previous occasions. The

fact is that we who are trying to devise legislation for broadcasting and those others who are trying to devise policies for broadcasting enterprises, whether they be public or private, are somewhat similar to the sorcerer's apprentice in that we are dealing with forces which we do not really understand.

I was interested in a comment made by one hon. member who spoke earlier today about the effects of television. There is a general assumption on the part of too many of us that we understand the effects of television and that we have a fairly good comprehension of its impact on the Canadian society or, for that matter, on world society. In my view we know virtually nothing about it.

Certainly it is obvious today, and this is a generalization that scarcely needs amplification, that the world is in a troubled state. Within our own country we can see the development of tensions not only between French and English speaking citizens but between various groups within our society, tensions of a size and import that we would not have thought possible in the decade to which I have referred. I suggest that despite the massive communications network, both public and private, that we have developed across this country, and the accumulation of individual stations, broadcasting today has actually done very little to solve the basic and really fundamental problems of our time despite what we have said to the contrary and the platitudes that we utter in this connection. In point of fact, if one wished to make the proposition that broadcasting far from helping up till now has actually contributed to tensions and has generated far reaching controversies, it would be possible to defend it. I suspect it is also contributing in a large measure to the abnormal amount of public unrest which we are witnessing on all sides today. Let me hasten to add—

• (5:20 p.m.)

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

Mr. Jamieson: By all means.

Mr. Prittie: What the hon. member has just said about broadcasting perhaps continuing the tensions and problems would apply, would it not, to the press or any other reporting media?

Mr. Jamieson: Of course; I was about to add that there is no question about an accumulation of media being involved. This is the point I was about to make. There is no doubt in my mind that radio and television broadcasting have added a very specific new dimension to the media. Quite definitely, there is a difference even between radio broadcasting and television broadcasting.

I am reminded here of an incident in which perhaps hon. members may be interested. They may have had the same experience themselves and I think it serves to emphasize my conviction of the need for more far reaching research. During the debate on the Middle East crisis in the month of June of this year it so happened that during the two hour period of that debate I was listening to the radio in my automobile. Then I transferred from my automobile to my home where my wife was watching the same debate on television. The same characters, the same personalities were involved in this over-all coverage. However, the instant I saw on television the characters involved in the debate my impressions and attitude were quite specifically different from those I had at least started to formulate as I listened to radio. That is only a small point. However, the point I am making is that possibly until such time as we have a great deal more research completed than we have at the present time, and I am not speaking of nose counting which is a kind of cynical disregard of many aspects of broadcasting but perhaps a necessary tool, until we have some totally responsible, non-governmental research we are really only coming to conclusions based on quite ordinary reactions rather than on what the public requires. I say this as an experienced broadcaster, and such research may be university centred or it may be some approach to broadcasting for a specific purpose.

I suggest that this is a very serious matter. I suggest that many of our attitudes, for example, with regard to the treatment of the racial problem in the United States, with regard to foreign affairs involving Viet Nam and other countries, are being shaped against the United States. We are being influenced by television which, I repeat, we do not really understand and therefore we are not able to assess in proper proportion.

Lest anybody should say for a moment that I am proposing that broadcasting ought to be a bland kind of milk toast diet, that we ought not to disturb people, let me say I totally agree with the hon. member for Prince who said that we have to disturb and stir up people. I am all for that. In addition, I am for a maximum amount of experimentation in broadcasting. I think it is nonsensical for us to have the kind of bureaucratic organization

in the C.B.C. which sets down hard and fast rules under which nobody can experiment with anything. This is a total denial of creative freedom. If we are going to have a viable broadcasting system in this country there must be creative freedom. There are two things which go together here. This is one of the great difficulties that is present today and, incidentally, not only present within the Canadian Broadcasting Corporation but within any other organization which has strong management at the top in order that reasonable lines are maintained, in order that budgetary controls are effective, in order that there is some basic character of organization between the group at the top on the one hand and the creative element on the other. What we need, it seems to me, is some kind of personnel management which could give the maximum kind of freedom and at the same time have the respect of the creative people. In this way we may well achieve a clearly defined objective.

If there is a moment left I want to say something about another matter which undoubtedly will be discussed at great length during the debate on the bill. There have been a number of references to it. We frequently hear talk about the need for encouraging Canadian talent. I am quite satisfied that Canadian talent has every bit as much right to support and encouragement in the form of grants or subsidies, if you like, or any kind of help we can give them as has any other group in our society. It is ridiculous to suggest that we have a responsibility, for example, to 3,500 steel workers in Sydney and not to other groups. Obviously we do have a responsibility to the steel workers and I will give them my total support. As a Newfoundlander may I say they have my complete sympathy.

However, it is ridiculous for this house to spend a full day, and perhaps many more, questioning how we can help 3,500 steel workers and not recognize the 3,000 or 4,000 creative people who have the same right to our consideration as the steel workers. I am completely in agreement with the necessity, I may say, of maintaining our creative talent. While television undoubtedly can be and broadcasting as a whole undoubtedly is a great source, a great tool for our creative talent, I appeal to the minister to think perhaps in terms of a pool of creative talent in this country. She may well be thinking in these terms. I know of no country in the world, including the United States, with a single medium or a single type of outlet which provides the maximum amount of opportunity for artists and writers. People do not write for or perform for one medium. There is overlapping. We need something which will give these people the kind of recognition and the kind of standard of living to which they are entitled. I do say that we will not really accomplish our objective if we limit the outlets for talent to television. Not even the Canadian Broadcasting Corporation, supported by the most generous parliament imaginable, could do that job.

It costs anywhere from $80,000 to $150,000 to produce a single hour of film. Some programs are less expensive, but the type of thing we need today is in that range. Even the C.B.C. with all its resources, even if it took something out of hardware and management or bureacracy and put it into programming where it ought to be, would not be able to do the job. Only through a combination of the National Film Board, the C.B.C. and the whole range of arts centres we have across the country, directed by a principal, not necessarily a cultural czar, who gives people complete freedom, can we have full employment for our creative talent. Only in this way can it be organized fruitfully.

It is pointless to make broadcasting and television the whipping boy, whether it be public or private. When we get into a discussion of the bill we will find there are many more aspects to the bill than the encouragement of talent. We are going to have to face such questions as, do we opt for more public affairs or for more entertainment? Do we opt for more regional programs or national programs? All of these things enter into the complexity of this problem, and radio broadcasting alone cannot solve it even if it has the best will in the world.

• (5:30 p.m.)

The approach I am suggesting can, I believe, achieve our goal. We have a germ of an idea here. Let us not be so afraid of people being in charge of everything, whether they are called czars or have some other label. We have to maintain the arts and the creative talent of our people or I am afraid we will not achieve our objective. I do not want to leave the impression that I am pessimistic. I believe in broadcasting. I think we are quite unfair sometimes when we fail to recognize the contribution it has already made. I believe it is going to make an even greater contribution in the future. I think that in the last analysis it is not going to be directed by legislation or controlled by parliament in the broad sense of these words. The contribution

will come from a growing awareness on the part of an important media and those providing the programming that the task is worth while. If in fact there is this co-operation about which I have spoken, then this can be achieved.

Mr. Mather: Mr. Chairman, in rising to take part briefly in this discussion I want to say that in my opinion at least the statement made by the Secretary of State in introducing this resolution was one of the most unrevealing that I have yet heard in the house. As a matter of fact, when she had finished I heard some members behind the curtain say they really thought they knew more about the government's intentions before she spoke than when she had finished. At one point I almost thought that I was listening to the Secretary of State for External Affairs rather than the Secretary of State.

I imagine that the intention of the minister and the government at this stage is to spend as little time as possible on the resolution and to pass on to the meat of the bill so we can see the business with which we are going to deal. In this regard I think that our group will be as ready as anybody to get to the meat, though we may not be quite as ready to leave it. In our opinion, if the very important legislation that is going to come before us is not going to be referred to the broadcasting committee, we would think it reasonable to spend at least two weeks discussing the bill in detail clause by clause in order to enable interested and affected groups to make further representations to those dealing with this legislation.

I have two or three general observations I wish to make on the general subject of broadcasting. It seems to me that all broadcasting is a matter of public concern. The public pays for it either through parliamentary grants or through that part of the consumer dollar that produces advertising revenue for the broadcasting systems. All radio frequencies and television channels are public property, and surely the public is entitled to exercise control over them. Further, broadcasting is of essential concern to Canadians because of its very key nature in our communications media. Communications are as vital to us as Canadians as national defence. Further, I think our experience of the structure of broadcasting in Canada indicates that the public can best protect and advance its interest in this field by allowing both public and private systems of radio and television to exist, both of these systems ultimately being responsible to the public through an over-all public agency such as the Board of Broadcast Governors.

In connection with the public sector may I say I am one of those who are public enterprisers and I am a great admirer of the Canadian Broadcasting Corporation. But I do not think it is evidence of friendship to the C.B.C. to ignore some of its weaknesses or shortcomings. Despite criticisms of cost and over-management and sometimes criticisms of departure from good taste which have been made against it, I think the C.B.C. has provided a national broadcasting service in a very praiseworthy manner and for a minimal per capita cost. The last figure I saw indicated that the cost was less than one cent per day per Canadian. When we consider the vastness of its business, the four networks that it operates and the variety of our people, I believe that its record is a very good one.

It was said by the most recent commission which examined the broadcasting system in Canada, with particular reference to the C.B.C., that the important thing, the thing that mattered in broadcasting, was production and anything else was housekeeping. Some wits have since then pointed out that exactly the opposite point of view should be the finding of the commission on the status of women, that that commission should report that all that matters is housekeeping and anything else is production. However, that may be, I think many members would go along with what I sense is the aim of the minister regarding the extension of the term of financing to a longer period than is now enjoyed by the corporation if certain requirements are met. This group will be very much concerned to check on the performance of the people involved in producing a formula that will extend the financing period of the C.B.C. to, say, five years.

I want to say a few words about the private sector of broadcasting. It seems to me that the record of the private stations in basically placing their interests and the interests of their shareholders first and those of the public last has been repeatedly criticized by investigating bodies over the last ten years. The public's airwaves are being used under licence by private profit-making concerns, and it is only necessary to listen to the average private radio station in particular or to watch some of the private television programs that are screened in this country to realize that their orientation is such that they just might as well be broadcasting in the United States. Their shortcomings in program content are as

obvious as their high volume of commercialization. In my opinion we should exercise care when renewing licences for private broadcasting stations. We should take the position that licences will be renewed on the basis that private stations undertake to give a much improved program service, and this undertaking should be reviewed from time to time by the B.B.G.

In conclusion, Mr. Chairman, I reiterate my point of view that the matters which are coming before us are of such importance that unless the proposed legislation is submitted to the standing committee on broadcasting for consideration we should at least have a two week period in this chamber to discuss these proposals in detail.

Mr. Allmand: Mr. Chairman, I have only a few words to say on this resolution. As many members have said before me, there has been considerable investigation into broadcasting in recent years through the Fowler commission, the white paper and the study of the subject by the parliamentary committee. However, I want to make one point and I want to make it very clearly.

I think we must understand that there has been much dissatisfaction in recent years with the C.B.C., with its manner of operating and with its programming. This dissatisfaction has often led to criticism of the C.B.C. itself, even to the extent, I would say, that many Canadians want to rid themselves of it. Many constituents have written to me and suggested that if a referendum were held on whether we should retain the C.B.C. or get rid of it there would be a strong vote in favour of getting rid of it. The ordinary citizen sees large sums of tax money being put into the C.B.C. and many of them see very little return.

I would even go further and say that this dissatisfaction is felt not only by the viewers but also by the employees of the C.B.C. and the artistic talent engaged. For example, we have the recent action of the members of ACTRA who have written to us expressing dissatisfaction with the policy of the C.B.C. in connection with the use of creative talent. Many others have been critical of the lack of direction and the uncertain management of the C.B.C. There is no doubt, as other hon. members have pointed out, that in recent years we have lost a lot of top broadcasting talent.

• (5:40 p.m.)

If there has been criticism of the operation and application of the principle on which the C.B.C. was founded I think that there is, nevertheless, approval of that principle. When I speak of the principle on which the C.B.C. was founded I mean that we need a public broadcasting network in Canada which will reach into all the far areas of the country, present Canadian events, Canadian opinion, Canadian talent, and strive to bring Canadians into touch with each other. This is extremely important in this large, sparsely populated country. We need a broadcasting system which will combat the strong communication forces from our neighbour to the south, the United States.

I think there is agreement on the general principle of a public broadcasting system. Without the C.B.C., no doubt we should be far more submerged than we are now by Americanism. But as I said, Mr. Chairman, while we support this principle we do not support the manner in which the principle has often been put into operation. Very often its purposes, which I have set out, have been twisted and frustrated by those intent on using the C.B.C. to express their own personal politics, personal morals or personal philosophies. Many people watching the C.B.C. feel that it has become the principal soundingboard of anarchy, sensationalism, separatism, socialism and fascism. This is not to say that such opinions should not be heard, but they should be heard in proportion to their importance in the community. As it is now one gets the impression that these are the only opinions we hear.

As an example, in Montreal last Saturday evening on the French network, in the prime viewing time following the hockey game, we saw, in order, Francois Aquin, Réne Levesque and the hon. member for Lapointe, all separatists. It seems to me that if the C.B.C. is to present properly all the opinions in this constitutional debate it should present interviews with some who have opposing opinions. Not only separatists, who are continually putting forward their opinions, should be interviewed.

Some hon. Members: Hear, hear.

Mr. Allmand: Yet very little is heard from the opposing side. Again, I have received many complaints from French speaking constituents who have telephoned me, written to me and told me that they are fed up with seeing Pierre Bourgault on television. Here is a man who leads a party which has elected no candidates—he has no seat—a party which got less than 5 per cent of the vote, and yet this man is given more time than the leaders

of the government and opposition parties which were elected.

Some hon. Members: Hear, hear.

Mr. Allmand: I have referred to the French network but the same criticism can also be made of the English network. Often the opinions presented on the English network are negative, anarchist and sensational, with little opportunity given for replies from those holding opposing opinions.

When these problems have been raised in the house the minister has replied that it is not in order for the government to interfere. Well, Mr. Chairman, while I agree that it is dangerous to allow the C.B.C. to become the government's propaganda machine, to become the propaganda machine of the party in power, nevertheless something must be done to prevent others at a lower level from making the corporation their propaganda machine.

Some hon. Members: Hear, hear.

Mr. Allmand: There is no doubt that the C.B.C. is being made the propaganda machine of those destructive elements which are doing their utmost to destroy this country. As I say, this is a public network which is being supported by the money of people from all across Canada. Yet too often those people to whom I have referred are using the Canadian taxpayers' money to destroy the country and other, contrary opinions are not being presented.

Someone, whether it is the government or the C.B.C. administration, must see to it that the corporation fulfils the purposes for which it was founded. Those purposes must not be twisted or frustrated. This does not mean that only the opinions of the government or the party in power are to be put forward. All opinions ought to be put forward. Only in that way can the C.B.C. achieve its purposes of bringing about national unity and an exchange of opinion, as well as presenting Canadian contributions. This must be done, as the hon. member for Burin-Burgeo, who is able to express himself so much more clearly than I can, said. It must also be done in a way that will maintain artistic freedom. This is always a problem in a democratic society, but it is important to maintain order and direction while at the same time permitting freedom.

It has been mentioned that one of the main purposes of the legislation is to determine the manner of allocating airwaves between private and public stations. This, I believe, is extremely important because it is necessary in a democratic system to have competing media presenting many different opinions to the public. This is important, as I say, and I hope there will be something in the legislation with respect to this matter. I also hope that the legislation provides for a bold expansion of the French and English networks. It is imperative for French language television to be expanded in those parts of Canada where there are sufficient numbers of French speaking Canadians. The same holds true for the English networks.

In conclusion I wish to repeat what I said at the beginning. While most Canadians support the principle of public broadcasting, they have not been happy in recent years with much that has been presented. They have not been happy with the administration of the principle. Let us hope that the legislation to be introduced this afternoon or this evening will go a long way to correcting these grievances.

[*Translation*]

Mr. Laflamme: Mr. Chairman, at the resolution stage, I simply want to say a few words in order to let the house know the general opinion of the people of my riding and to express perhaps some personal views on the urgency of that resolution and the ensuing bill designed to rectify the situation which prevails at the present time, at least in my area, where most people are dissatisfied with the way our news media and, in particular, our national network carry out the task assigned to them.

Of course, we could take the time to give some names, but the list would be too long, and I do not think that it is the purpose, because what is done is done. I think that some serious problems should be considered before introducing this bill, and the main one, in my opinion, deals with the definition of what may be the public interest in the general sense. When one reads the report on broadcasting, one does not find any definition of public interest in the general sense, especially with regard to the national network.

Obviously, the C.B.C. is faced with a financial problem, and a problem of authority. The financial one can, up to a point, hamper the full development of programming, which must be a source of personal enrichment far more than mere entertainment. Admittedly, the C.B.C. has lost many listeners to private stations, because it has not fulfilled its duty. It is not a matter of competing on a percentage basis, but it must be recognized that,

in broadcasting as in other spheres of activity, when a government does not comply with the wishes of the people, it is defeated; similarly, when the head of an undertaking does not meet the needs, the wishes of his customers, he is doomed to failure. The role of the C.B.C. is not to tell the pepole what to do but rather to inform them as objectively as possible.

In this respect, may I submit respectfully that, to my mind, the public network has, to a large extent, unfortunately failed in the task assigned to it.

• (5:50 p.m.)

I simply wish at this point to quote a statement made last month by someone whose views on the information media I highly respect, Mr. Jean-Louis Gagnon. I quote:

> But before laying down a rule of conduct for private stations, above all it will be necessary that parliament or the B.B.G. (if such authority is vested in it) manage to inform the C.B.C. that the survival of our country, among other things, is in the public interest.

Mr. Chairman, I endorse that statement. I do not intend to comment on what is going on within the state-owned network, but in my opinion, a change in leadership and new instructions are imperative. In short, those responsible for programming and public affairs should start by reading the foundation chart of the C.B.C., whose prime object is to ensure the development of the Canadian nation as a whole. In my opinion, that has not been done, and attempts are generally made to put a stop to our growth.

The other day, Mr. Chairman—and this is significant of what public opinion can be—during a meeting I attended, everyone was critical and voiced his fear, his concern, and especially stated that life in Canada must, in general, have something better to offer than programs where former convicts are confronted with representatives of the clergy, judges and policemen.

Mr. Chairman, I do not know really what could be done in that field, but there must be some way to solve the problem. It is not a question of setting up some authority which will curb healthy aspirations, but since the main purpose of the crown corporation is to guide thinking, the latter should be directed along the same lines as the objectives of the corporation which are primarily to give information with the greatest amount of objectivity and not to control information and use it as an instrument of propaganda,

which, I think, is the general reproach that could be made.

I imagine that when the bill is introduced in the house we will be able to see better whether the government or parliament intends to give new directives to our crown corporation, which has played an essential role and must continue to do so, without being infiltrated by any group.

Moreover, like my colleague from Notre-Dame-de-Grâce (Mr. Allmand), I will say that the corporation must not be French and English and French only where there are French Canadians. It must be French from Vancouver to Halifax because how can a French-speaking Canadian who spends a few days in an essentially English community feel at home if he cannot even hear a program or the news in his own language on radio or television?

I think that is a duty, a bounden duty of the central government, because then the public corporation will play the prominent part devolved upon it and which is defined in section 1 of its charter: to promote Canadian nationalism, Canadian duality or at least Canadian identity, which must be the prime objective of the national network. I hope that the bill which will be introduced will enable us to see to it that our national corporation plays this role.

[*English*]

Mr. Orlikow: Six o'clock.

An hon. Member: No.

Mr. Orlikow: I thought I might call it six o'clock but I heard somebody say "No" so I suppose I should begin.

Like my hon. friend from New Westminster I thought that the statement the Secretary of State made in introducing this resolution was an amazing one. Here we have legislation which has been promised and discussed for at least two years, legislation of tremendous importance in this field; yet I think I know less about the essential principles which the bill will contain than I thought I knew when the day began.

It is true the minister said the things which I suppose government spokesmen and representatives of every responsible party have said about broadcasting and television. She made the same kind of speech as Mr. Bennett made 30 or 40 years ago.

Miss LaMarsh: If you would sit down you would see the bill in two minutes.

Mr. Orlikow: I am not going to do that because I have some thoughts about what ought to be contained in the bill and about what the course of broadcasting should be. It is not my fault that the hon. lady took as long as she did to bring in this legislation and I do not think that the 20 minutes during which I intend to speak on the resolution will really affect the introduction of the bill or the course of the debate.

There are, I believe, a number of questions which have to be faced. We might have faced them today had the minister given us an indication of the basic principles to be embodied in the bill. What, for example, will be the role of the Board of Broadcast Governors or whatever agency is to be made responsible for setting the rules of broadcasting? I am satisfied on the basis of the evidence available to me that in the past the board has not been given the authority required to do its job. What authority will be contained in the new legislation to assist the board in its task? Again, what will be the relationship between the Board of Broadcast Governors and the C.B.C.? Will the C.B.C. be able to continue to operate as a virtually independent body, as seems to have been the case up to now, ignoring the directions or orders of the Board of Broadcast Governors? Will the B.B.G. be authorized to tell the private broadcasting stations that they must live up to their commitments?

[*Translation*]

The Deputy Chairman: Order. Before adjourning the business of this committee, could I be allowed to indicate the subject matter of the questions to be considered tonight on the adjournment motion.

The hon. member for Notre-Dame-de-Grâce (Mr. Allmand): Duties of the Company of Young Canadians; the hon. member for Halifax (Mr. McCleave): Air Transport—Canadian Pacific Airlines and the Atlantic provinces; the hon. member for New Westminster (Mr. Mather): Confederation—Opinion poll in Quebec.

[*English*]

Mr. McIlraith: Before you see the clock, Mr. Chairman, may I ask whether the hon. member has in mind concluding his remarks in a relatively short time? If he does, would it be the wish of the house that he be permitted to conclude them now?

Mr. Orlikow: I expect to take the 20 minutes which the rules permit me to take, just as other hon. members have done.

Mr. MacDonald (Prince): May I suggest, since I believe all hon. members are anxious to see the resolution adopted, that we allow the hon. member for Winnipeg North to conclude and then give the bill first reading?

Some hon. Members: Agreed.

The Deputy Chairman: Is it agreed that we do not see the clock and hear the hon. member for Winnipeg North?

Some hon. Members: Agreed.

• (6:00 p.m.)

Mr. Orlikow: Mr. Chairman, the minister said, and I think the hon. member for Prince repeated, that broadcasting is important and that it is something which touches every Canadian. Broadcasting, and certainly television, can and should be an important factor in maintaining and building the Canadian identity. This is an easy thing to say. It is a much more difficult thing to put into practice. The developments in television and the tremendous cost of television have made the problem much greater.

I should like to join with other members in paying tribute to the tremendous job which the C.B.C. has done over the years. I suppose it is fair to say there is hardly a city in Canada which would have a symphony orchestra today were it not for the great support which serious musicians from all parts of Canada have received from the C.B.C. The C.B.C. hired live musical talent when the private radio stations simply ignored anything but records, and records of not a very high calibre.

In a similar way C.B.C. radio in particular and C.B.C. television to a lesser degree have been responsible for the promotion and development of Canadian drama. We have produced in Canada a large number of highly competent, highly skilled and technically trained actors, writers, producers and directors. So successful have we been that many of these persons have moved from Canada to much more profitable parts of the world for this kind of talent, such as New York, Los Angeles and London. I do not have sufficient time to put on the record all the names or even a small fraction of the names of the people who have left. Also I do not for a moment suggest that we ought to do anything to stop them leaving. I am happy to see Canadians succeed in the field of drama and entertainment in the United States and in Great Britain. Most of the people who leave do not do so because they would not prefer to stay in Canada but simply because the C.B.C.,

which for so many years provided an opportunity to them to carry on their work in Canada, is doing less and less of this kind of programming.

I disagree completely with people such as Dennis Braithwaite, the television commentator for the Toronto *Globe and Mail*, who usually take the view that the reason people leave is that we do not have the ability in Canada to do the kind of programming which people like. There is no truth in that statement. The fact is that Canadian writers, producers, directors and actors are a success today in the most competitive markets in the world. They are a success in New York and they are a success in Hollywood and London. I might mention a few names. There are people like Lloyd Bochner, John Collicos, Lorne Greene, Douglas Campbell and Don Franks, all of whom were given their start in Canada and all of whom I am certain would be happy to come back to Canada if not full time at least part time if the C.B.C. were doing the kind of work it previously did. All these people have left because this kind of programming is not being done in Canada.

I am a supporter of the C.B.C. and a member of parliament who is prepared to go to my constituents and say that we must support the C.B.C. with more money so that it can do the kind of work it has done over the years. I am not, however, prepared to go to my constituents and ask for more money so that each year the C.B.C. can rebroadcast more United States commercial programs. I believe that this type of program is sold to Canadian private stations not for the price the C.B.C. pays but for whatever can be got. Whatever amount is obtained in Canada is gravy because the program has been produced, paid for and shown in the United States. There is no need for the C.B.C. to bring this type of program to the Canadian people. I am not suggesting that if the C.B.C. is to have a full time television service it does not need to have this kind of programming, but I disagree completely that the prime hours should be virtually completely dominated by United States productions with the result that more and more Canadian artists, writers and producers are finding it impossible to continue their work in Canada.

Recently I had the opportunity to read a telegram which was sent to the Prime Minister. It was signed by some of the most prominent and successful writers in Canadian television today. They urged the Prime Minister to see that Canadian television provides an opportunity for Canadian writers to

[Mr. Orlikow.]

remain in Canada. As I have already said, to a large extent our Canadian actors and artists have already left. It is our responsibility to see that the C.B.C. does the kind of programming it did for many years. In my opinion it has been doing less and less. Perhaps part of the reason for this is that the C.B.C. has not been receiving sufficient money. This is something which parliament must look into. It may be that part of the reason is the failure to bring forward legislation defining the responsibility and the scope of the jobs the C.B.C. must do. Perhaps this has made it difficult if not impossible for the C.B.C. to obtain the top management personnel required.

I do not believe that in recent years the management of the C.B.C. has been as good as it was in earlier years. I am one who believes that the C.B.C. has a surplus of supervisory staff. I believe also that over the years a bureaucracy has grown up. Whoever takes on the job will have to look at the bureaucracy and see that more of the C.B.C. effort is directed to the actual production of programming rather than to supervision as is the case now.

• (6:10 p.m.)

Having said this about the C.B.C., it seems to me that the legislation which we will be discussing must give to the regulatory authority, the Board of Broadcast Governors, the kind of authority which will enable it to see that the private stations do the job they are required to do and the job they promised to do when they obtained their licences to operate television stations, licences which an expert in Great Britain said were licences to print money. If one looks at the *Financial Post* of September 16, 1967, one can see just what that expert meant when he said that broadcasting was a licence to print money. In that issue the newspaper gives some examples of what has happened to the price of the shares of some companies involved in broadcasting. The shares of Western Broadcasting Co., which has radio and television interests in Vancouver and Winnipeg, climbed over a period of a year from $7 per share to more than $17.50 per share. Standard Radio Ltd. which operates CFRB in Toronto and CJAD in Montreal, saw the price of its shares rise from $10 per unit in 1964 to more than $30 this year.

I am not opposed to private radio and television, but I believe these private operators have a responsibility to live up to the commitments which they made to the public. We, on behalf of the public, granted them

licences to broadcast. In doing so we asked for certain commitments. I shall give you one example of what I mean, Mr. Chairman.

Let us take a private television station in Toronto with the largest potential market in English Canada. I had some public argument with Mr. Bassett, the owner of that station, and looked up the promises which the promoters of the station made when they applied to the B.B.G., for their licence. There were a number of applicants for that licence in Toronto. They were asked to submit detailed proposals on the kind of broadcasting they would do, and I take it that their proposals and applications were most important factors in deciding who would get the licence.

I would hate to think that the reason Mr. Bassett and his group got the licence in Toronto was that Mr. Bassett was a Conservative and there was a Conservative government in power at the time. I would hate to think that he and the other applicants were asked to waste a lot of time and money preparing their applications unless there was an important reason for those detailed applications, namely that the applications and information contained in them would be a big factor in deciding who would get the licence.

Here is what Mr. Bassett promised to do. In the field of "drama and specials" Mr. Bassett promised the B.B.G. that if his group got the licence it would produce a program called Canadian Playhouse with five performances a year. I presume that meant five individual hour long plays a year. He promised that there would be at least one performance yearly by the Toronto Symphony, one performance by the Canadian Opera Company, one performance by the National Ballet Company, and one performance by the Stratford group.

In the field of talent development he promised three programs entitled Search for Talent, Screen Test and Barber Shop, each to run for 25 minutes per week. In the field of light entertainment he promised a personality show lasting an hour and a quarter three times a week. In the field of women's affairs he promised a half hour program for Women Only, three times a week. In the field of music he promised three programs weekly, each of 25 minutes duration, Piano Quartet, Sound of Jazz, and Top Ten. For the ethnic groups—Toronto is becoming a city with large ethnic minorities, which I think is good—he promised two programs, Polka Party and Romance From Other Lands, each for 25 minutes a week.

Had these promises been fulfilled the kind of campaign which ACTRA is carrying on would be largely unnecessary because a great number of Canadian artists, producers and directors would have been employed. What did Mr. Bassett do in that field? Virtually nothing, Mr. Chairman. Similar promises were made by the private station in Montreal, by the private station in Winnipeg, and by the private station in Vancouver.

We gave the B.B.G. the job of deciding who should receive these licences, licences to print money. Did we give the B.B.G. the authority and power to discipline successful applicants who did not live up to their promises? I am told by the B.B.G. that we did not give them that power. When we see the new legislation we shall have to examine it carefully to see whether it gives the regulatory authority that kind of power. If it does not we will continue in the present mess.

The questions I have raised are ones that the minister should have discussed in principle during her opening statement. But she did not do so. This means that the things we ought to have discussed today will have to be discussed at considerable length and in detail when we see the new bill.

In closing, Mr. Chairman, I simply say that I hope the information I have been given is wrong. I have been told by people in the C.B.C. that the new legislation will not change things very much. I have been told by people in and around the B.B.G. that the new legislation will not give the B.B.G. the kind of authority it requires to do the job that needs to be done. If this be the case, then I tell the minister we are in for some pretty rough debate before the legislation passes.

Resolution reported and concurred in.

Miss LaMarsh thereupon moved for leave to introduce Bill No. C-163, to implement a broadcasting policy for Canada, to amend the Radio Act in consequence thereof and to enact other consequential and related provisions.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Rinfret): Order. Possibly with the indulgence and co-operation of the house we could proceed with the next item.

Mr. Rapp: Six o'clock.

Mr. McIlraith: The Speaker has asked if we should call the next item. The item we propose calling is No. 35, the resolution standing

in the name of the Minister of Finance dealing with the Industrial Development Bank Act. The item to be called after that this evening would be No. 32 on the order paper, second reading of the bill having to do with the establishment of a department of corporate and consumer affairs. Perhaps we should put an item before the house before we rise until eight o'clock. I would ask you to call item No. 35, Mr. Speaker.

INDUSTRIAL DEVELOPMENT BANK ACT

AMENDMENTS INCREASING CAPITAL AND BORROWING AUTHORITY, ETC.

Hon. G. J. McIlraith (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Industrial Development Bank Act to increase the authorized capital of the bank from $50 million to $75 million; to increase the authorized borrowing authority of the bank to an amount not exceeding ten times the aggregate amount of its paid-up capital and reserve fund; and to make certain other changes in connection with the administration of the act.

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

The Deputy Chairman: It being past six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Assistant Deputy Chairman: Order. House again in committee of the whole on a certain proposed resolution to amend the Industrial Development Bank Act.

Mr. Sharp: Mr. Chairman, the purpose of the bill to be founded on this resolution is to enable the Industrial Development Bank to maintain and extend the volume of its lending. The committee will be interested to learn, and some hon. members may be surprised to learn, that the I.D.B. has made 2,200 loans in the past year, for a total amount of $113 million. I give this information because it is later than the information to be found in the latest report of the Industrial Development Bank, which covers the fiscal year ending September 30, 1966.

The average amount per loan was $50,000. The I.D.B. had $389 million of loans outstanding or committed to customers as at September 30, 1967. The limitation on the lending

power of the Industrial Development Bank specifies that its direct liabilities, including debentures, shall not exceed five times the aggregate amount of paid-up capital and the reserve fund. With authorized capital of $50 million and a reserve fund currently of $20 million, debentures are now limited—that is, limited by the present act—to $350 million, resulting in a limitation of $420 million on the amount of loans which can be authorized. I might add for the information of hon. members, some of whom may know this already, that all the debentures issued by the I.D.B. have been purchased by the Bank of Canada.

A continuation of lending at current rates would soon bring the I.D.B. to the limit of its borrowing capacity. If there were to be no increase in this limit the I.D.B. would then have to begin cutting back the rate of its lending to within the level of repayments to it, which are currently at the rate of $61 million a year. To avoid such a development, and to permit the I.D.B. to continue to increase the volume of its lending, it is proposed that the maximum debt/capital ratio of five specified in the present act be raised to ten.

This appears to be a more suitable ratio for an institution of this character. For example, the maximum debt/capital ratio of federally incorporated trust companies and loan companies can be as high as 15. Since the last amendment to its act in 1961, when its capital was increased from $25 million to $50 million, the annual volume of the I.D.B.'s lending and its total loans outstanding have tripled.

In view of this substantial increase in the scale of its operations it is proposed that the act be amended to increase the capital of the bank from $50 million to $75 million. The increase would be subscribed by the Bank of Canada. The combined effect of the amendments that will be proposed is to raise the limitation on the banks' lending authority to a total of $1,045 million.

It is also proposed that the deputy minister of industry be added to the board of directors of the I.D.B. This department, which has been created since the last amendment of the act, has a special interest in, and industrial knowledge to contribute to, the work of the bank. The deputy minister of trade and commerce will continue to be a member of the board of directors but will be replaced on the executive committee by the deputy minister of industry.

Mr. Baldwin: Mr. Chairman, we are anxious to facilitate the passage of this resolution,

with due regard to decency, propriety and a sensible examination of the purposes of the resolution. We have already indicated our anxiety to facilitate the passage of measures proposed by the government. In respect of the resolution dealt with prior to the supper adjournment the parties in opposition put forward very few speakers, indicating our willingness to pass these resolutions and get on to those matters which the government has indicated as having a considerable measure of urgency and which are the subject of an alleged priority list which the Prime Minister has not yet given to us. Therefore, so far as we are concerned our remarks at this stage will not be lengthy.

It is, of course, very difficult at this time to deal too extensively with the matter. We note that the minister has indicated that because of the proposal to increase the authorized capital of the bank and to increase the extent to which the authorized capital may be used as the base for the amount of moneys which may be made available for the purposes of the act, very substantial additional funds will be made available to the bank. While we assume that this is very proper and probably desirable, we must file a caveat to indicate that it is hoped a large sum of money of this kind, which will ultimately be put into use through the machinery of the legislation and the people administering the act, will be properly expended for the purpose of increasing productivity. If it is not, quite obviously this amount of money being put into the economy could have a very, very serious effect. I am hoping that the fact that the governor of the Bank of Canada, and people associated with the Bank of Canada, are concerned in this enactment will mean that due regard will be had to the proprieties of and the purposes for which the legislation was originally passed.

• (8:10 p.m.)

We will reserve our views until we see the legislation and to what extent within the meaning of the resolution we may make certain other changes in connection with the administration of the act. The minister has given us some indication of what might be involved. We will have to reserve our views and probably simply file a caveat at this time.

One observation which I should like to make is that, although I was not a member of the committee which dealt with the amendments to the Bank Act, my understanding had been that the purpose of that legislation was to permit the chartered banks to enter into areas of lending activity which had not heretofore been available to them. If my views are pertinent, as they seem to me to be at this time, I wonder whether the minister, when he deals with this matter on second reading, will be able to say whether the change in this legislation has been brought about because the banks are not taking advantage of the wider opportunities which the changes in the Bank Act made available to them for the purpose of entering into a wider area of lending activities. I think that is a question in which the committee will undoubtedly be interested.

I will use this opportunity to make the point very briefly that I think this is one of the programs put forward by the government which will have to be used very widely if we in this country are to survive and prosper in the industrial and commercial sense. There are some very serious prospects lying ahead of us and I think it will be essential for business and industry in this country to be efficient and competitive, and to be armed with the most modern know-how and methods of carrying on their business, not only for the purposes of the domestic economy but more particularly for commercial relations in trading with the rest of the word. I base my statement on two reports which have appeared in today's daily press. In the Montreal *Gazette* there is a statement made by the director general of the General Agreement on Tariffs and Trade, Mr. Eric Wyndham-White. I will simply read the headline with which I am sure the minister is familiar. It reads: "Resurgence of Protectionism Threatens Kennedy Round Results, Says GATT Head". Mr. Wyndham-White, who is a very knowledgeable director general of the GATT group, indicated that while great benefits will flow from the Kennedy round, nevertheless there is beginning to emerge in different parts of the country a trend toward protectionism. This was mentioned in the debate yesterday in connection with the position that the United States is taking with regard to the entry of steel and steel products.

The point I want to make is that very shortly Canadian industry, both large and small, which is engaged in international trade will be compelled to perform its function effectively and economically so as to be able to compete in the markets of the world. At one time it was considered that only on the basis of an economy of scale and having available large markets were you able to produce in such a way as to be competitive.

However, today, because of automation and the means which have been devised and made available to industry to take advantage of technical improvements, it is now possible to make us of what is sometimes called the economy of automation or the economy of specialization. This is something which small Canadian industry in particular will have to take advantage of, if it is to compete effectively and economically, and employ in Canada people both in the natural resource industries and in the secondary industries. Consequently legislation of this type will have to be examined very carefully and structural changes may have to be made.

In addition, all the other complementary laws, the export credit laws and our fiscal policy with regard to this type of economic competition, will have to be scrutinized. I think I am justified in telling the government that measures of this kind will have the fullest support from this side of the house. If we are to compete effectively in the face of the conditions which obviously lie ahead, legislation of this type will have to be re-examined to a greater degree.

I will conclude by adding one other observation which I also gleaned from today's daily press. The following heading appeared in the *Globe and Mail* of Tuesday, October 17, 1967: "Exporters Feel Pinch From Rising Wage, Price Levels". This is a report of the speech made yesterday at Montebello by Mr. McAvity the president of the Canadian Export Association, who said that because of the rising wage and price levels the export industry in Canada was in danger of being jeopardized. He pointed out that the position of our industry and our business plants in Canada was in very grave danger. These are signs of the problems which face us as we look ahead.

For that reason, while it may well be that the prime and initial purpose of the Industrial Development Bank legislation might have been aimed at improving the domestic market for the smaller producers, in addition, if our people engaged in the export trade are to hold their position and are to make available the employment this country will have to have under conditions which I foresee in the next year or so which may become quite difficult, every advantage will have to be taken of this and similar legislation.

I will conclude by saying at this time that I hope the changes in the legislation will be along these lines. I hope the government will ensure that in its changes in connection with the machinery of carrying out and implementing the legislation efforts will be made to persuade our industrial people that it is essential for them to become efficient and effective in the competition for world markets. For that reason, having in mind what the minister said, in this very limited statement I wish to give a guarded approval of the objectives which seem apparent, reserving the right when the bill comes before us to redefine our position in the debate on second reading in the light of what we see in the bill.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I must confess at the outset that I always feel a certain pedantic exasperation when I see the title of this particular institution, because of course it is not a bank in any concept of that term. As I say, it is a mere pedantic objection to calling what is essentially a government fund, in no way different from any government fund, a bank. I have no objections at all to voice about increasing the capital and increasing the borrowing power. Nevertheless there are some questions I would like to raise with regard to the real effect of this borrowing power. In view of the fact that, as the minister has reminded us tonight, the Bank of Canada purchases the paper of the I.D.B., is this transaction to be considered similar to the transaction whereby the Bank of Canada purchases other government paper and by that means increases the total money supply, or is this a different type of transaction which does not have that effect?

• (8:20 p.m.)

It would be interesting to know that.

If, as is now contemplated, the Industrial Development Bank is to have lending powers that, in the aggregate, will amount to $1,045 million, it would be interesting to know whether this does imply an increase in the total money supply or whether it does not have that effect. It would be interesting to know if it is just a case of pooling the savings of the Canadian people for this type of investment and development of the Canadian economy. I think it is important, perhaps, that we should know what this transaction does imply.

Another question I should like to raise is whether or not the government has set out for the Industrial Development Bank the economic areas in which the government wishes to encourage development, or does the bank merely consider whether or not a certain loan will be well secured and repaid in the stipulated time? I think this is very important

also. I believe that at the present juncture of events in Canada the government should be setting out very clearly for the Industrial Development Bank the areas in which it should seek investment for the development of the Canadian economy.

As some of us have reminded the government several times recently, the Kennedy round of tariff reductions is going to present the Canadian economy with both a challenge and an opportunity. The challenge of course will be the challenge of surviving when the walls of protection have been lowered quite a lot. The opportunity will be for the development of our secondary industry in Canada so that the secondary industry can take its place in world trade by means of specialization. It would be interesting to know if the government, and the minister, have either sort of thing in mind for the Industrial Development Bank or the Development Fund, as I prefer to call it. It would be interesting to know if the government has in mind the channelling of the resources of this bank into the rationalization of Canadian industry in order to permit the specialization our industry is going to need if the Canadian economy is going to continue to expand and develop in the face of the Kennedy round tariff reductions, and in the face of opportunities that will provide for us.

Otherwise it does not seem to me we are justified in asking the taxpayers of Canada to lend their funds either by means of expansion of the total money supply or by means of pooling all existing savings, in order to finance the development of privately owned industries which are operated purely in the interests of those who own and control them. On the other hand, I think we are well justified in asking the Canadian people to make their savings available for this kind of rationalization and development of the Canadian economy if this government is prepared to play an active role in directing that investment. This course is justified if the government is prepared to instruct the Industrial Development Bank and the Bank of Canada, which of course are almost synonymous, that they should seek the areas of the Canadian economy which we want developed, and not encourage development in areas which will not contribute to this maturity of the Canadian economy.

I hope when the bill comes before the house the minister will be able to give us some definite answers to these questions. He should tell us the government's purpose with regard to the operation of the Industrial Development Bank. What is the purpose in increasing its authorization for loans to ten times instead of five times its paid up capital? What is the intention with regard to increasing its paid up capital from $50 million to $75 million? I hope the minister is going to have some more definite answer than merely the suggestion this is a means of pumping more funds into the economy, in the hope that that would have the desired effect. It could, if the government is prepared to use this as a weapon of considered government policy. It could have a very profound effect on the development of the Canadian economy in the light of changes in international relations brought about by the Kennedy round agreement. As I say, I hope the minister will be able to tell us, when he speaks on second reading of the bill; otherwise we are merely being asked to authorize the financing of something, the benefit of which to the Canadian people and the Canadian economy is still a matter of doubt. I do not believe we should be left in that position any longer than the second reading of this bill.

Mr. Leboe: I will not detain the committee for more than a moment, Mr. Chairman. This resolution is of the type I hoped would be eliminated in this House of Commons, so I will not prolong the agony by speaking at any length. I do not agree with the previous speaker when he suggests autocratic control by the government of the lending policies in the manner in which I suspect the hon. member meant. I think the government should of course keep its eye on the Industrial Development Bank, but not to the extent of controlling the interested parties.

I am aware of the useful role the Industrial Development Bank has played in the past. There are some things which I feel bear reviewing. The first is the fact that the interest rates are often too high to the person who can least afford to pay high interest rates. In other words, if the Industrial Development Bank considers someone a poor risk, I think it would be better if the bank did not lend that individual any money at all rather than put him in the position of working just for the bank interest rate. This is what happens to many of the borrowers who are forced to pay 8 per cent or 8.5 per cent interest. The individual is simply working for the Industrial Development Bank.

I think, in general, the interest rates of the Industrial Development Bank have been far too high. I am sure if this bank is interested in the development of the country it is not

necessary to plague the borrower with excessively high interest rates. We know interest rates charged by this bank have been very high indeed.

Another point I should like to make is that the Industrial Development Bank has the practice and policy of tying up all the assets an individual has without regard to the value of those assets. I think the bank, in working out its security, should take only sufficient security to guarantee its investment. In many cases we find that the Industrial Development Bank has gone far beyond this point and has tied up the operations of the individual. As a matter of fact, legally an individual could not sell even a wheelbarrow without first getting permission from the Industrial Development Bank. I think this is wrong, and that the bank should assess a proper amount of equity for its own protection.

• (8:30 p.m.)

I must say that so far as the employees are concerned, I have learned from people who have dealt with the Industrial Development Bank that they co-operate within the terms of the act and within the policies set out for them to an extent that is far beyond the call of duty. It would be interesting to know what the relationship with the Industrial Development Bank will be, now that the regular chartered banks have broadened their field by entering into the conventional mortgage business. I would be interested in knowing whether or not there is still a real need for the Industrial Development Bank, as was the case previously.

It would also be interesting to know whether the government would consider expanding this concept of an Industrial Development Bank and setting up a municipal development bank. The municipalities are in a very bad situation financially, and it seems to me that the government could expand this concept by creating a municipal development bank, and thus increase their borrowings through such an organization at low money cost.

Not long ago when speaking about the cost of money in some of the organizations for which he was responsible, the Minister of Labour mentioned the figure of seven eighths of one per cent. I do not suggest that we could supply money to a municipal development bank at a cost of seven eighths of one per cent, but I do say that the municipalities need help and need it now. If an organization based on the same principle as the Industrial Development Bank were set up, I think they could lend money at a rate as low as 2 per cent, without any problem whatever.

[Mr. Leboe.]

That concludes my remarks, Mr. Chairman. I may or may not have more to say at the second reading stage of the bill once the legislation has been introduced.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I am happy to say a few words about the Industrial Development Bank.

It has been of great service to our nation. We congratulate the government for taking part of its funds out of those of the Bank of Canada. We are happy to see the government using the Bank of Canada to finance industrial loans.

Mr. Chairman, in spite of the Industrial Development Bank, there are still several little businesses, several small industrialists who cannot take advantage of it.

First, the interest rates are somewhat too high and the repayment period is too short. Several small industries are obliged to pay back, over a period of ten years for instance, too high an amount of capital. The payments are too high and, at the same time, the small businessmen are obliged to pay taxes on the repaid capital. Therefore quite a few small businessmen cannot take advantage of this legislation.

In my opinion provision should be made for a longer reimbursement period and, if possible, the interest rate should be decreased because the interest rate charged by the Industrial Development Bank which in turn receives its funds through the Bank of Canada should be lower as the Bank of Canada is certainly in a position to obtain money under better conditions. On the other hand, the Bank of Canada has quite a substantial revenue which I believe, in fact, was $19.8 million in 1966.

There are still many sectors of industry which are not financed, which are unable to obtain capital either from chartered banks or insurance companies; there are no funds available to these small concerns. Some of them would get to be large concerns if funds were made available to them.

When one launches an industry, one has to start in a small way unless one has hundreds of millions of dollars available, and those who have that kind of money seldom establish industries.

When one starts a business, Mr. Chairman, it is to make a little money and to expand a little each year; however, those who start a business usually have no capital. In fact, they have to secure outside capital, and this is

rather difficult in these times of prevailing high interest rates.

The Minister of Finance (Mr. Sharp) should move amendments to this bill so that small businesses may reap greater benefits from it. I would like to thank him for what the Industrial Development Bank has done on behalf of industry, but I think the bank is now in a position to do more. In fact, the Industrial Development Bank is in a position to improve its relations in the field of industrial, loans because small industries certainly need capital. I know several small manufacturers who do not know where to apply to get capital. They do not know where to go. They are given all possible information, but when they apply to the Industrial Development Bank, they meet with a refusal, because they are not sufficiently organized.

We know how expensive it is to organize an industry. We know that machinery is four times more expensive than some fifteen years ago and that the cost of living has increased for industry as for all other rectors of the economy.

The price of building materials is so high that it is more and more expensive to put up buildings and manufactures and to equip them with machinery. The government should do its utmost to help small industrialists more and in a more logical way.

Big industrialists can always make ends meet; they seldom pay back their capital because it consists of shares they have sold, and when these shares are for fixed terms or when the time comes to recall them, new loans are obtained and new shares are created through other borrowings. On the other hand, small industrialists must pay back their capital, pay taxes on their capital and amortize it through heavy payments, which does not happen in large industries.

Large industries enjoy considerable protection because they almost never pay back their share capital whereas small industries must pay it all back.

That is the difference I wanted to emphasize and I would ask the Minister of Finance to consider that aspect of the economic factor from that point of view and to find some means, some solution to give more help to small industrialists.

• (8:40 p.m.)

[*English*]

Mr. Pascoe: Mr. Chairman, I wish to make a few remarks at this stage. As the hon. member for Peace River said, we reserve the right to speak more fully on second reading. What I say may sound parochial though the subject matter of my remarks is of national significance.

In his remarks the minister made it appear that the Industrial Development Bank, known as I.D.B., is the complete answer to the problem of financing and assisting small businesses. My experience in dealing with the problems of constituents who have small businesses does not bear out the minister's suggestion. I may cite some examples from my own constituency because what I say may have national application.

The minister said that the average loan was around $50,000. Many small businesses do not require $50,000 but would benefit from I.D.B. assistance. Let me give an example. A constituent not long ago wished to start a poultry farm, with the idea of enlarging it. First of course a start had to be made. I realize that the I.D.B. was set up for industrial purposes. In this booklet, the 1966 report of the president of the Industrial Development Bank, the following statement appears on page 3:

> Today, the Bank has some 7,800 accounts on its books. The enterprises involved represent practically every facet of business endeavour including manufacturing, construction, tourist and recreational businesses, agriculture—

A poultry farm, I think, comes under the heading of agriculture.

I shall return to my constituent, about whom I was speaking previously. He wrote to me saying that he had plans, as well as large contracts, to deliver eggs. All that was needed was financing. I suggested that he should go to the regional of I.D.B. in Regina. He wrote back saying that if he were established the I.D.B. might help him to expand.

This publication which I hold in my hand, and to which I referred, says that loans have been granted to help persons to start businesses as well as to help others to modernize and expand existing businesses and enterprises. The point to which I wish to direct the minister's attention is that the booklet refers to industries being started. A poultry farm, if it were established as an efficient business, would be a small industry.

Other merchants who have written to me, asking how they can expand their businesses, have been directed by me to the I.D.B. In answers that I have had from them it has been made clear that they have had no satisfaction in obtaining help from the I.D.B.

The idea behind this proposal is good and I commend the minister on his statement. I wish to emphasize nevertheless that the I.D.B.

ought to be publicized more. One sees this on page 2 of the 1966 booklet to which I previously referred:

> Ask for this booklet. It tells how you may obtain an I.D.B. loan to help start, modernize or expand your business.

Just below that I found these words:

> —Industrial Development Bank—term financing for Canadian businesses.

I submit that the wording ought to have been "term financing for small Canadian businesses". Most small merchants I have talked to are under the impression that the I.D.B. has no significance for them and will not help them. I think there ought to be publicity to show that it will help small businesses.

I believe also that special attention ought to be given to my province, Saskatchewan, as it has problems which are different from those of other provinces. On the board of directors of the bank two members, I notice, are from Alberta and one is from Manitoba, but there is not one from Saskatchewan. I submit that a Saskatchewan man ought to be on the board.

In the provincial distribution of loans the amount loaned to Saskatchewan is much less than the amounts loaned to Alberta, Manitoba or to British Columbia. I shall dwell more on this aspect on second reading. In the meantime I wish to say that a Saskatchewan man ought to be on the board of directors to deal with Saskatchewan problems. Also, merchants ought to be given more publicity on how the bank can assist them.

Mr. Herridge: Mr. Chairman, the minister's statement was brief and I intend my comments to be equally brief. Before dealing with this question I wish to explain that I speak simply as an inexperienced old rancher who is, shall I say, unskilled in the intricacies of high finance, banking and similar matters. But I have always been given to making two and two equal four when it comes to doing business.

My experience in investing throughout my life has mostly been in hard work—that is, until I was elected to this house.

Some hon. Members: Oh, oh.

Mr. Herridge: I think the Industrial Development Bank has proved valuable to small industries and businesses. From personal experience I know that the bank has been of value in maintaining employment in certain small communities and in developing tourist and related industries. A number of such instances have been brought to my attention.

In my opinion the officials of the bank have done a very good job. When people apply for a loan the circumstances are investigated, gone into carefully, and if the proposition looks sound a loan is granted. The bank has been of value to a number of small communities in my district.

I think that this increase in capital is perfectly justified under the circumstances. More development is taking place at the present time and I must say that I like to see small, local industries and businesses being given the opportunity to develop. I would rather see such enterprises develop in our own society than have them owned by mammoth corporations.

When the minister spoke he said that the debentures of the Industrial Development Bank will be purchased by the Bank of Canada in order to provide capital to be lent to small industries and businesses. That interested me. The question I wish to ask again—it has not been satisfactorily answered, though I have raised the matter on a number of occasions—is this: If the Bank of Canada can issue debentures on which loans to small industries and businesses are based, why in the world cannot the Bank of Canada at the same time issue loans to municipalities and provinces and thereby provide the social capital required for the building of hospitals, schools, highways, public institutions and facilities. I wish the minister would deal with that. The matter was raised by the hon. member for Nanaimo-Cowichan-The Islands. On this point the members of our party are in agreement with the members of the Social Credit party.

I cannot see why we cannot use the Bank of Canada to do what I have suggested ought to be done, particularly when the minister said this evening that the Bank of Canada will purchase debentures that will be issued by the Industrial Development Bank for the provision of capital. Small businesses and industries have already benefited under this legislation and will benefit to a greater extent when the legislation that is currently before the house is passed.

• (8:50 p.m.)

Mr. Schreyer: Since everyone who has spoken so far has been brief and to the point, perhaps I should speak with equal brevity. There are a few aspects in the operations of the Industrial Development Bank upon which I should like to comment and about which I should like to question the minister.

For some years I have been given to understand by those who have had any dealings with the bank, or sought such dealings, that its loan security requirements were so excessively cautious that the institution seemed to be serving no purpose beyond that served by conventional sources of loan capital. Now the minister tells us that the amount which has gone out in loans from the I.D.B. has trebled over the last five or six years. This would seem to indicate that either the bank has modified the strictness of its loan security requirements or that the natural increase in the industrial activity of this country is solely responsible for the trebling of the amount on loan. If the latter is the case, the argument still stands that the I.D.B. should look toward easing its loan security requirements.

In line with the remarks made by the hon. member for Moose Jaw-Lake Centre it would appear that businesses of smaller and intermediate size still encounter great difficulty in securing a loan from the I.D.B. Perhaps the minister could indicate at some time whether the trebling of the amount loaned is the result of an easing in the security requirements or whether it is simply a reflection of increased business activity in this country.

I should like to mention, now, the role of the Industrial Development Bank in the financing of agral business. I raise this question in the light of the comments made by the hon. member for Moose Jaw-Lake Centre. I do not altogether disagree with that hon. member but it seems to me a careful distinction should be made between those forms of agral business which are in the processing end of food production and those which intend to produce food and fibre on a corporate scale. I should like to see such a distinction made. I feel that if a group intends to enter a business of producing food and fibre the interests of those who have been traditionally regarded as bona fide farmers should be considered as far as possible. Should a government agency such as the I.D.B. encourage the trend toward corporate agral business—the production of food and fibre—it appears to me we are knowingly or unknowlingly doing a disservice to those who depend exclusively for their livelihood upon agricultural production.

If I have not made my meaning clear, I apologise for my inability to express myself more clearly. I think this is a matter of sufficient importance to warrant another attempt. I recall personally that when, in one of the prairie provinces—it does not matter which one—the provincial government set up an industrial development fund not unlike its federal counterpart, this fund used what were in effect public moneys to aid in establishing a corporate agral business which went into the production and processing of poultry and poultry by-products. No one, I think, would have raised much objection to the granting of an industrial loan in respect of the processing part of this enterprise but many did take exception to the lending of public funds for the establishment of a corporation to enter into food production, thus competing with bona fide farmers who had been dependent upon poultry production for their livelihood for many years.

Now I should like to put a question to the minister which I believe would give him an opportunity to clarify one part of his statement this evening. He told us that under the provisions of the bill which is to be introduced shortly the bank's paid up capital is to be increased from $50 million to $75 million and that the ratio of loans outstanding to paid up capital would be ten to one. This would mean that the maximum amount which could be out on loan would be $750 million. Yet the minister referred to the new maximum as being $1,045 million. Some clarification ought to be forthcoming in this connection.

Finally, I do not believe the minister gave us any indication in his explanatory statement as to the trend or pattern at work in the Industrial Development Bank with regard to equity financing and greater participation in underwriting agreements. I understand that under the present legislation the bank has authority to involve itself in actual equity financing. The bank might feel that while it could not extend any more help by way of loan capital it could assist an enterprise by taking up a portion of its assets—buying into the firm, so to speak. Is any new pattern emerging or is this still, as in the past, a relatively insignificant part of the operations of the development bank?

• (9:00 p.m.)

Finally, I should like to offer the positive comment to the minister, which may be refuted in the course of the next few months, that it is not true, as people have been saying in the past few weeks, that this government seems to be giving notice that it intends to get out of the intermediary role in business finance, because the action of the government in recommending this resolution to the house would seem to refute that argument. I am

referring in particular to a statement contained in the *Financial Times* in which the commentator makes the observation that the new N.H.A. rate is indicative of many things, one of which seems to be the beginning of a tough new policy on the part of this government to reduce the government's role as the financial intermediary, that is to say, borrowing money to relend it at lower rates for specific purposes.

I should like to think that by its action this evening in recommending this resolution to us the government is showing that such is not the case and that it has no intention of lessening its very crucial role these days of stimulating the development of business and the economy by timely and well thought out intervention by way of loans through the Industrial Development Bank.

Mr. Nasserden: Mr. Chairman, I should like to say a few words in an attempt to reinforce the argument put forward by the hon. member for Moose Jaw-Lake Centre in respect of the need for a director from the province of Saskatchewan. I think the minister is aware of the fact that a great deal of change is taking place in the province of Saskatchewan today because of the water and power resources which are now available as a result of the south Saskatchewan river project. The scope of that development will depend to some extent on the role that the Industrial Development Bank will play in respect of some of the industries which might develop in connection with the potash and other chemical industries in the province.

We believe the Industrial Development Bank has been a useful instrument in the economy of the people of Canada and in the industrial life of the nation. I would hope that the province of Saskatchewan will not be forgotten in the developments which will take place in the next few years.

Resolution reported and concurred in.

Mr. Sharp thereupon moved for leave to introduce Bill No. C-164, to amend the Industrial Development Bank Act.

Motion agreed to and bill read the first time.

CORPORATE AND CONSUMER AFFAIRS

PROVISION FOR ESTABLISHMENT OF DEPARTMENT, APPOINTMENT OF PERSONNEL, ETC.

Hon. John N. Turner (Registrar General) moved the second reading of Bill No. C-161, to establish a department of corporate and consumer affairs.

[Mr. Schreyer.]

He said: Mr. Speaker, I am delighted to see the timetable in respect of this bill accelerated this evening, although there are other matters of some distraction to those people who live in what has been called the pivotal province of confederation. I notice, however, there are present this evening members who represent the broad sweep east-west and in the north of this country. I am delighted to take advantage of a quiet house to open the debate on the second reading of this bill.

I think everyone has taken notice of the change in this modern society. It has become almost a cliché that the only constant today is change, and no one, whether he be in business, in the professions, or in government, can ignore the demands placed upon him by the multiple transformations spawned by technology, science and the new areas of thought in every sphere. The consequence of change is a constant reassessment of present practices, institutions and ideas. Each new morning brings some obsolescence to some aspect of our lives. Unless we are prepared to re-examine on a daily basis, to reassess and revalue what we do and how we do it, we are in danger of falling behind and becoming irrelevant to contemporary needs. Nowhere is this more true than in dealing with our economy. In the past decade there have been amazing changes in the formation of the market, in the method of industrial organization, in the variety of products made and in the kind of investment and security practices followed.

We are in an era of a new economy where there is unprecedented prosperity and a certain affluence in most areas of the country. This brings vast new opportunities and also raises important problems for us. The issue is whether we can properly assess the performance of our economy, create new forms of institutions, channel our new economic power and achieve useful and socially productive goals. This assessment and adaptation is as important for government as it is for business; it is as important for the public sector as it is for the private sector.

Over the years the federal government has assumed a major responsibility for keeping our economic system competitive, stable and productive. Because of its constancy in this role it is prepared to make the instruments of government more responsible in dealing with economic conditions. It is here that my responsibilities become relevant because a year and a half ago the Government Organization Act, 1966, inspired by the Glassco commission report brought together in the Department of

the Registrar General the various agencies of government dealing with the conduct of business in our private enterprise system. The combines branch, restrictive trade practices, patents, trademarks, bankruptcy and incorporations all were brought under the same roof.

• (9:10 p.m.)

While I propose to devote a good many of my remarks to the subject of consumer affairs I think it is appropriate that I first say something about the nature of the department as a whole, particularly because under clause 3 of the bill we are asking parliament to give it a new name. It will be recalled that the Royal Commission on Government Organization, the Glassco commission, recommended major reforms and shifts, in the division and focus of responsibilities in the federal government.

Mr. Nielsen: May I ask the minister a question at this point. Just now, and also when the resolution was being considered, with his reference to giving the department a new name the minister leaves the impression that the Department of the Registrar General is simply being renamed by this bill as the department of corporate and consumer affairs. Perhaps he can clear up this impression that is being left. Is the effect of this bill simply to rename the Registrar General's department, or will the effect be to set up an additional, separate department to that which is now known as the Department of the Registrar General?

Mr. Turner: Mr. Speaker, I know that my answer to the hon. member for Yukon (Mr. Nielsen) is going to disappoint him, because part of his argument is going to be based, as it was on the resolution stage, on his contention that this is an additional department of government and, in his mind, an addition to what he was prone to call the bureaucracy in the government service. He is partly right, partly wrong; half right and half wrong: wrong for the right reasons and right for the wrong reasons. In effect it will be a new department, but it will assume the present responsibilities of the Department of the Registrar General, and the functions of the Registrar General are continued by the provisions of clause 8 of the bill. So that while it is a new department it does not add to the structure of government. It assumes the present agencies now within the responsibility of the Registrar General and adds two further responsibilities. The first is found in clause 5(a)—consumer affairs, and the second is found in the addition to clause 5(b)—corporate securities.

Mr. Nielsen: Clause 6.

Mr. Turner: Well, clause 5(b); and clause 6 spells out the nature of the responsibilities for consumer affairs. I hope that has clarified the matter for the hon. member. In any event I am sure we will all wait with a great deal of impatience to hear what he has to say about this particular subject.

As I said, the Government Organization Act of 1966 was designed to remedy a number of the defects that had shown up in the structure, and that were pointed up in the very thorough examination given to it by Mr. Glassco and his associates. The agencies then grouped together to form the Department of the Registrar General were those concerned with corporations, combines, mergers, monopolies in restraint of trade, bankruptcy and insolvency, patents, copyrights and trademarks. These, as I said a moment ago, are the matters that are referred to and continued under clause 5 of the bill, except that consumer affairs and corporate securities have been added.

The work of the existing agencies is based on detailed statutes which are strictly construed by the courts. There is a growing body of case law, and the statutes are administered to a large extent by lawyers. There was increasing danger that in isolation the legislation might be administered and revised with a purely technical bias rather than in terms of its fundamental social and economic purposes.

Government policy in this whole area is sometimes described by academic writers as public policy toward business organization, or as the social control of business. In more mundane language what is involved is the setting of the ground rules for business activity. These laws provide the basic framework for business activity, and as such they are laws of general application. They may therefore readily be distinguished from laws which arise out of economic policies designed to improve the performance of particular industries in our economy.

Because laws of general application are involved, their economic impact only becomes apparent in the long run. But they are no less important for this reason than economic policies which have a more immediate impact upon the economy. Each of the agencies grouped together in this department is affected by and affects in turn economic policies in other areas. These agencies and the statutes they administer are therefore an integral part of the economic fabric of the country. So, Mr.

Speaker, it is clearly essential that the laws which provide the ground rules within which business must operate, must be designed in such a way as to encourage maximum efficiency and responsiveness to the needs of the public at large.

I know there are many people, including some hon. members of the house, who quite honestly believe there is something incompatible about a combination of corporate affairs and consumer affairs. We heard something about this at the resolution stage, and indeed the subject was brought up last summer during debate on the estimates of the department. The hon. member for Vancouver-Kingsway (Mrs. MacInnis) made quite an issue of this in the debate on the resolution last Friday. If I thought really and sincerely that this concern of hers was well founded I would share it, but I do believe it is based on a misunderstanding of the operations of the department.

There are several ways of looking at the matter in its proper light, but based on what I have said about ground rules it is evident that this department has growing responsibility over most of the range of the whole field of business activity. I believe it is important to have a department which is knowledgeable over an entire area because the consumer interest in turn is extremely wide.

We are all consumers. Personal expenditure on consumer goods and services is now running at a rate of about $37 billion a year in Canada. That represents about 60 per cent of gross national expenditure. In the long run the adequacy of the ground rules for business activity must be tested largely by their effect upon the consumer.

With the indulgence of the house, sir, may I look at it in another way. The consumer interest is directly effected both by policies which reduce the cost and improve the quality of supply, and on the other hand by policies which affect the level and quality of demand. On the supply side, for instance, we have the task of ensuring that our market system is competitive and vigorous. On the demand side the consumer needs to be informed about the nature of the choices open to him in the marketplace. In order to give the consumer proper representation, and in order to give the consumer what protection we can within the limits of government responsibility, we must be able to influence both the demand and supply sides of the market relationship.

Let me make it clear that the functions of this department, the functions we class under the heading of corporate affairs for want of a better name—although I may say to hon. members it will be a good deal easier to explain this to the people of Canada than to explain "Registrar General"—do not involve representing the interests of corporations in the government. Just as the consumer branch will be directly concerned with representing and helping consumers, the corporations branch will be available to protect and help investors. The combines branch has a duty to protect consumers and producers, particularly the small businessman, against the unfair use of market power. The bankruptcy branch serves to protect creditors. The patent and copyright office protects the rights of inventors and authors. So, we are combining certain economic and legal tools to achieve certain economic goals, and the availability of expertise in the use of these tools already found within the department will, I believe, be of considerable significance to the consumer.

[*Translation*]

At this stage, we should perhaps ask ourselves why, in an era of so-called prosperity, the Canadian consumer is increasingly hard to please. This phenomenon is not confined to Canada. As the Economic Council pointed out, this trend corresponds to increased interest in consumer affairs, in all countries of the western world. It also corresponds to the widespread adoption of more vigorous programs for the protection and promotion of consumer interests.

A hundred years ago, consumers who had to make a decision were faced with a limited supply of goods and services, for the most part simple everyday goods and services.

As a rule, buyers and producers knew each others closely and a great proportion of consumers' expenses were used for essential needs.

For many consumers of today, such is not the case. The relationship between purchasers and buyers is becoming increasingly impersonal. Even the market becomes more involved. We are faced with a discouraging display of goods and services, many complex products, of a quality which is often difficult to assess.

The consumer may not know that some merchandise offers certain features. He may not know that some other merchandise associated with some other products, may combine the qualities that he is looking for.

Advertising is available to producers or purchasers so that they may direct the attention of the consumers to all the features of their products considered especially desirable. They are not so careful to inform the consumers about less interesting features in their products. Some will deliberately mislead the consumer. A developing technology adds to the problem.

• (9:20 p.m.)

[*English*]

At the same time, the consumer who has a complaint to make against a supplier finds it more difficult to reach someone in authority than was the case when he dealt directly with the owner of a general store. While it is obvious that real income may be raised by increasing the supply of goods and services available, it is not so obvious that it may also be raised by making it easier for the consumer to make his choices among those goods and services.

It is a natural response for businessmen to say that the consumer is already king, or queen, since about 85 per cent of our purchasing power is exercised by women, and it is easy for businessmen to say that all their waking hours they are trying to cater to the whims of the consumer, to please him or her, to try to persuade him and to placate him when he complains. Yet many consumers are inclined to reply that businessmen are overwhelming them with conflicts, sometimes misleading claims, sometimes with excessive advertising, sometimes with unnecessarily high prices or inadequate services, with unsatisfactory warranties or hidden charges. The very complexity of the marketplace, with its bombardment of ideas and claims, its confusion of choices, is in effect limiting the valid choices open to the consumers of this country.

In our society I suppose it is accepted that the major responsibility for seeing that an efficient choice is made by the consumer does evolve upon the supplier on the one hand and the consumer on the other. But there are laws which do intervene. There are laws which prohibit or regulate the sale of goods or services likely to endanger health and safety. There are laws which prevent fraud or misrepresentation. These laws are already on the statute books. There are laws requiring or encouraging the disclosure of pertinent information to the consumer.

However, in this era of rapid technological change, new problems, new hazards, are appearing with increasing frequency. Because consumers are better educated, governments are now expected to be better organized than in the past. They are expected to identify and respond quickly to new problems or hazards as they arise. In the broadest terms it may be said that the consumer interest embraces all policies which affect the level and quality of demand, which reduce the cost or improve the quality of supply, or which contribute to the competitiveness of the market. Therefore it is important that in the formulation of over-all government economic policy the consumer interest be specifically represented.

Agriculture, labour, industry, fisheries and forestry all have their special interests reflected at the cabinet level as well as in the functional departments reflecting those interests. It almost goes without saying that all governments are keenly aware of the need for broad policies to ensure a high rate of economic growth and steadily rising incomes. What has been lacking, however, is specific responsibility and adequate machinery for the identification of the consumer interest in those particular programs.

In its interim report issued in December last year the special joint committee of the Senate and House of Commons on consumer credit and prices stated that it believed the function of consumer protection was of such urgency as to require the establishment of a department of consumer affairs. This committee also suggested that because of the need for consumer protection, for the co-ordination of existing legislation and for the immediate establishment of machinery to receive and investigate consumer complaints, the Economic Council of Canada should be asked to report upon this part of its reference as soon as possible.

Subsequently, in its report of this year the committee said that the testimony presented to it indicated that there was widespread support for such an agency, that is to say, for an agency in government representing the consumer interest. Accordingly, the joint committee urged that the necessary legislative and administrative action be taken as quickly as possible. The joint committee, Mr. Speaker, pointed out that present responsibility in this field was spread over several departments and that the lack of a completely co-ordinated approach was evident. It pointed out that consumer protection was a technical field; it involved specialization economically and legally.

The committee consequently believed there would be greater advantage in assembling in one agency the expertise necessary to deal with a wide range of consumer matters.

Above all, it said that a department would clearly assign responsibility to a minister and to a minister's staff to do all in their power to improve the lot of the Canadian consumer. So that this bill, in extending the authority of the Department of the Registrar General and converting it into a department of corporate and consumer affairs, establishes ministerial responsibility, ministerial authority for the consumer.

Mr. Nielsen: Mr. Speaker, would the minister permit another question?

Mr. Turner: Mr. Speaker, I enjoy the clash of debate with the hon. member, but I dealt with his last point. I will listen very carefully when the hon. member engages in rebuttal. I want to apologize to him and the house for taking very little time in introducing the resolution, so little time in fact that the hon. member criticized me for it. Because of the importance of this issue, I think I should now be allowed to explain this matter at a little more length.

Mr. Nielsen: Take all the time you want.

Mr. Turner: I express my thanks to the hon. member. The committee did not believe it was in a position to make specific recommendations concerning the way in which the department of consumer affairs should be organized, but it did suggest that the components of the department should have three principal functions or aims: (a) consumer standards, (b) consumer protection, and (c) consumer information.

• (9:30 p.m.)

The joint committee made another important comment. It said that the view was sometimes expressed that price control by government edict is the easy answer to price stability. All the witnesses who were questioned on this matter disagreed with that opinion and, in the opinion of the committee, those witnesses demonstrated clearly that this was an unworkable and unrealistic solution. The joint committee noted, furthermore, that the federal government does not have the constitutional power to enter this field.

The hon. member for Vancouver-Kingsway (Mrs. MacInnis) in the debate last Friday at the resolution stage seemed to look upon the new department as a reincarnation of the wartime price control board. It follows from what I have said and from the judgment made by the joint committee that there is no intention that this department should act as a sort of controller, and I reiterate that not only does this parliament or this government not have the constitutional authority for such a role but I tend to be convinced that attempts in peacetime to regulate prices by law would shortly prove to be unworkable and inconsistent with the operation of a market economy.

The joint committee reached one additional conclusion which I think was of some considerable interest. It said that the study of particular legislation or special problems by ad hoc parliamentary committees does not meet the continuing need of parliament to become familiar with the issues of current economic policy.

For this reason the committee concluded that it would be desirable to establish a joint committee of the Senate and the House of Commons whose primary aim would be to keep up a continuous review of the whole field of consumer affairs. In addition, the suggested committee should have the responsibility for surveying economic developments in the Canadian economy which affect employment, income and consumption levels. The committee said that such a committee of parliament would be immediately responsive to parliamentary or public concern over problems affecting the consumer.

Without accepting the entire terms of reference which the joint committee gave to itself, in principle I welcome the proposal and I do so particularly because of the support and guidance that such a continuing parliamentary committee might afford in the effective administration of the legislation for which my department will be responsible. I happen to believe that the role of an individual member of parliament can be enhanced by the expansion of the committee system whereby information articulated by the permanent service or by experts within or without the service can be brought before parliamentary scrutiny for proper review. I notice the hon. member is smiling. I want to say that the essence upon which this bill is founded has already received that type of parliamentary scrutiny, but the whole matter of consumer affairs might well be subjected to that type of scrutiny on a continuing basis because I also believe that public debate, of which we have not had too much in a clear and open fashion in this country, is a good continuing process.

Mr. Nielsen: The bill has not received that type of scrutiny.

Mr. Turner: The bill is a product of recommendations not only of a parliamentary committee but also of the Economic Council of

Canada and has received in some depth the attention and scrutiny that parliament is wont to give to matters of such importance.

Mr. Nielsen: Will the minister say whether the Economic Council has recommended the setting up of a new department?

Mr. Turner: Yes, I will come to that in due course. As I said at the resolution stage, I believe we are following implicitly the recommendations contained in the interim report of the Economic Council, in some cases less and in some cases more. However, I think the government has to take its responsibilities, and in those areas where we have differed I will be glad, and indeed I consider myself duty bound, to explain it to the house.

Now I should like to turn to the report of the Economic Council of Canada. Hon. members are aware that last July the Economic Council submitted an interim report on the role of the government and this department in relation to the consumer interest. The council indicated that its survey of current government activity in the area of consumer affairs had left it with two main impressions. The first was that many of the programs within the consumer field had arisen as ad hoc or particular reactions to periodic crises or pressures in particular problem areas. It said that the consumer protection programs were being carried on in departments whose primary concern was with other matters. In some cases they had not always been able to give such programs adequate attention. The council also said that there had in fact been no single part of government charged with specific responsibility for the essential task of providing a continuing review and an assessment of the total package of policies and the total package of programs relating to consumer affairs. That was their first impression.

The second impression expressed in that report was that there had been no effective means for ensuring efficient co-ordination of the administration of these programs. In this situation the council said there was a great risk of the unwarranted but understandable assumption being made that somebody else was taking responsibility for a specific problem. As a result the program might not have been discharged. At the same time the council suggested that a number of different departments might be drawn more or less independently into closely related activities which might more suitably be administered on a co-ordinated basis. The Economic Council recommended that the department for which I currently have responsibility should ensure the co-ordination of existing programs in consumer affairs and should have the responsibility for initiating new programs to fill certain gaps in this field.

I want to make a progress report on the organization which followed the publication of the Economic Council's interim report. We now have a structure planned for a consumer branch in what I hope will be the department of corporate and consumer affairs. If parliament accepts this bill, we propose to recruit a limited number of carefully selected officials to co-ordinate existing government activities and to undertake information and research programs.

I want to make it clear, as I attempted to do at the resolution stage, that we contemplate no substantial increase in government expenditure. I am in full agreement with two important pieces of advice given by the Economic Council of Canada in its interim report: First, that government regulation of production and exchange should occur only when alternative methods are not available or are ineffective, except in matters affecting health, safety or economic fraud—and I explained the matter more fully in the resolution stage—and, second, that the growth of government bureaucracy should be kept to a minimum consistent with efficient and effective administration of the legislation.

Mr. Nielsen: Will there be a final report on consumer affairs by the Economic Council of Canada?

Mr. Turner: I cannot speak for the council, but since they use the word "interim" I hope they also contemplate the word "final".

I have already told the house that the steps we are taking here constitute a reorganization of the existing responsibilities of government. I also said that after deducting the revenues of this department from its expenditures the net cost to the taxpayer this fiscal year will be less than $2 million. Having read *Hansard* before I came to the house I will not suggest that this is an insignificant sum of money. However, when it is considered in relation to the $9.5 billion in the estimates, we are not going to be one of the big spenders in government. I do not expect any appreciable increase in our net expenditures as a result of this legislation, if it is to be adopted by parliament.

We intend to organize the department in the most effective way to provide a contemporary response to consumer and corporate problems. We plan to integrate our work in

corporate and consumer affairs in order to achieve a common direction of policy wherever this is feasible. We intend to apply the most modern concepts in management available to us and to introduce the most up to date budgeting and program analysis. We have this opportunity. This will require a study of the costs and benefits of the programs that we inaugurate and implement. From time to time we will be seeking both internal, within the government service, and external, outside the government service, advice on these subjects.

• (9:40 p.m.)

Now, most of the functions of the consumer branch are set out in clause 6 of the bill. I am only going to deal with this clause in a general manner under the rules, Mr. Speaker, knowing a later opportunity will be given to me at the committee stage to deal with it in more detail. Clause 6(1)(a) indicates that the minister shall:

(a) initiate, recommend or undertake programs designed to promote the interests of the Canadian consumer.

This provision implements the recommendation of the joint committee of the house and Senate as found on pages 3451 and 3452 of their report. Then, 6(1)(b) refers to coordinating programs of the government of Canada that are designed to promote the interests of the Canadian consumer. This recommendation flows directly from the interim report of the Economic Council of Canada, page 20. I need not recite the appropriate words in the report because they are available to all members.

Then, clause 6(1)(c) refers to promoting and encouraging the institution of practices or conduct tending to the better protection of the Canadian consumer and co-operation with provincial governments or agencies, bodies or persons in any programs having similar objects. This provision flows from the recommendation found in the interim report of the Economic Council of Canada, pages 27 and 28, under the heading, "Federal-provincial cooperation and private activities". I think hon. members will be able to trace those recommendations through into the language of the bill.

Clauses 6(1)(d) provides that the department will have responsibility for undertaking, recommending or assisting in programs to assist the Canadian consumer to be more fully informed about goods and services offered to the consumer. This factor was conceded to be paramount by the Economic Council of Canada, as will be found by a reference to its report, pages 20 and 21 under the heading "Information and research". There was a recommendation on this point as well by the joint committee of the Senate and the House of Commons as found at page 3453 of their report.

Finally, Mr. Speaker, section 6(2) gives the department responsibility for undertaking research for the purpose of carrying out its duties and functions, not only those related to this section but also the other powers which are listed in clause 5. This provision flows from the recommendation appearing on page 21 of the interim report of the Economic Council of Canada.

I have recited these references only to indicate that, as best we can, we have attempted to implement in this legislation being submitted to the house those recommendations of the joint committee of the parliament of Canada and of the body set up by parliament to give interim and long term advice to the government, the Economic Council of Canada. I want to say that the Economic Council indicated one of the main impressions it received was that government programs relating to consumer affairs lacked any effective means of insuring co-ordination of the administration of those programs. This sometimes resulted in no one taking responsibility for a program or, what was even worse, more than one department carrying out similar programs.

A striking example of the duplication of programs exists, as the council illustrated, in the inspection of retail stores. These stores are subject to inspection by a number of different government agencies. I feel a consolidation of these inspection services would be a more efficient alternative than having several government inspectors go through stores or warehouses at various times. This would get the job done more cheaply and more effectively.

As I said at the resolution stage, we are not making any pre-judgment of the eventual locus of the administration of the various spheres of consumer interest within the federal government. We have set up an interdepartmental committee at the highest official level embracing those departments currently having certain responsibilities for consumers. When these programs in the various departments of the federal government are analysed, we will be in a better position to make a more rational judgment as to where and how they ought to be administered.

This interdepartmental committee has already begun an examination of those areas in which duplication of functions exists. Again, I apologize to the house for taking so much of its time this evening, but I believe I owe a duty to this chamber to explain as fully as I can, within the limits of the patience of my fellow members, just what our views are about a relatively new orientation of government powers at the federal level.

Mr. Nielsen: Before the minister passes to another subject, I wonder if he would permit me to ask him, when he refers to the setting up of the interdepartmental committee at the highest official level, whether he means the committee has been set up at the ministerial level or at the official level within the department?

Mr. Turner: The latter, Mr. Speaker, at the deputy minister level. We contemplate, of course, setting up subcommittees below that level. It is obvious that if policy matters flow from the advice of the interdepartmental committee, the ministers will have to pass upon the advice given by the interdepartmental committee.

Mr. Nielsen: The Economic Council of Canada recommended a study at the ministerial level and I was wondering why the government chose not to follow that advice.

Mr. Turner: That is true; as I have said, if decisions have to be made as a result of the advice flowing from the interdepartmental committee, then ministers will have to meet and make recommendations to cabinet on the results of those deliberations.

In respect of consumer information, it is proposed when the consumer branch is established that officers will receive complaints, queries and appeals for assistance on consumer matters. I hope that they will analyse these, prepare replies, and where possible forward them to the appropriate departments or agencies; categorize and identify recurring consumer problems and maintain a check on consumer service effectiveness. We have already started a pilot project along this line by employing existing departmental personnel temporarily assigned to this task. As I said at the resolution stage, the authority under the British North America Act and under the interpretation given to it as it affects consumer affairs, is divided. I hope the department will provide a central focus or clearing house in those areas of consumer complaint or query that involve the provinces.

We hope that eventually we will have a reciprocal network of information centres on this subject across the country. Among other things, the interdepartmental committee will be giving, and is giving, attention to the coordination of existing consumer information programs within the federal government. I hope the department will be able to bring problems and complaints to the attention of business people. A great many of these problems can be solved by businessmen, in their own interests, once they are aware of them.

The consumer must be equipped, by all reasonable means, to make a policy choice and a judgment on prices. This will be part of our aim, although we do not ever consider we will be in a position to tell retailers what to sell, manufacturers what to make or consumers what to buy. We do hope the consumer will know the price he is paying, the terms upon which he is paying interest if his purchase is on the instalment plan rather than for cash; that the advertising represents the true facts; that the package contains the goods advertised on the label and the amount of goods in those packages, the quality of those goods as reflected by the package and label as well.

• (9:50 p.m.)

Mr. Nielsen: Like $2 wheat.

Mr. Turner: The hon. member for Yukon knows that the season in his part of the world is short enough that he is really not much authority on that. However, his memory is a long one.

I feel it is important that the department have particular concern for the various special minority groups of this country who need more attention than others. I think in particular of the low income consumer who must use his dollar with effectiveness. He must gain fair access to quality goods at low prices and be protected against unfair selling and credit practices. There is the elderly consumer who has special health, housing and nutritional needs—needs shown by those with disabilities. Then there is the rural consumer who has difficulty in gaining full access to the urban market because of the distance he or she is from that market. It will be our concern to search out and explore the ways of servicing these particular problems and gaining the co-operation of all governments and private groups in their solution.

The Economic Council pointed out that one key piece of federal legislation for protection

of the consumer is the group of general Criminal Code provisions against fraud, deception and misleading sales techniques.

[*Translation*]

It stated that the application of the legislation—

[*English*]

Mr. Nasserden: What about election promises?

Mr. Turner: I think the hon. member is an authority on that subject, and I would yield to him if the debate should ever take a course along those lines.

[*Translation*]

The council stated that the application of that legislation has been left mainly to the provincial governments although a good number of federal agencies are effectively responsible for the implementation of some provisions of the Criminal Code.

The Economic Council recommended, Mr. Speaker, that legislation be drafted to create, within the department of corporate and consumer affairs, an administrative body whose main duty would be to implement effectively those provisions.

Besides the general provisions of the Criminal Code, other acts deal with similar problems. These are, for instance, section 33C of the Combines Investigation Act which forbids fallacious publicity on prices; the Trade Marks Act which forbids dishonest trade practices in general; the provisions of the Food and Drugs Act and its regulations which concern fraud in the sale of food and drugs; and the legislation on trade marks and proper labelling which forbid false or misleading descriptions of specific goods.

[*English*]

The joint committee of the Senate and House of Commons also raised the question of research into the economic role of advertising. The committee indicated that there is clearly a wide spectrum of opinion on the social benefits of advertising and the impact of advertising expenditures on the cost of consumer goods. It also indicated that it did not wish to make any recommendations respecting the control of advertising expenditures.

Nevertheless, Mr. Speaker, it was concerned about the volume of advertising whose sole or primary purpose was to create consumer preference for a particular brand of some staple product on the basis of trivial variations. The committee also expressed the opinion that an extensive program of compulsory grade labelling for common consumer goods would encourage some reduction in socially wasteful advertising costs. We have begun to take a preliminary look at this subject, Mr. Speaker.

Two or three weeks ago I had occasion to speak on this subject to the Institute of Canadian Advertising. I intend to maintain the dialogue with the advertising industry and to pursue the research I have just described.

The special joint committee of the Senate and House of Commons on consumer credit and prices also saw a need for an expert group within our department to investigate any merchandising practices which take advantage of or mislead consumers. It gave as an example of an area which would merit attention, section 306 of the Criminal Code, which deals with misleading advertising. We have already initiated a study of this whole area and we consulted provincial officials during the recent conference of the commissioners for uniformity of legislation. This subject of misleading advertising will be one of our first priorities.

The Economic Council in its report noted that the government was currently giving intensive study to its policies and programs in the field of standards and grading. It commended the proposed establishment of a new widely representative body at the national level to develop a more co-ordinated approach to standards work with business and government working together. A standards council of Canada is now being developed and this department, under the scrutiny of parliament, will I hope play an active part in it.

In its report the Economic Council quite correctly emphasized that all of the present federal government activities in the consumer field have evolved in the light of the division of legislative responsibility under the Canadian constitution. In some cases, such as weights and measures, the British North America Act has assigned specific responsibility to the federal parliament. In other cases the activities arise from the more general federal responsibilities for criminal law. A leading example here is the Food and Drugs Act. Still other resopnsibilities have developed under federal authority for regulating trade and commerce of an interprovincial or international nature. Typically these activities must take into account provincial legislation

in the same product areas. I think the area of agriculture is an important domain of concurrent jurisdiction.

There are also many areas of concern to consumers which come entirely within the constitutional responsibilities of the individual province, especially those which are closely related to property and civil rights. These include the nature of contractual relationships between buyers and sellers and many of the distributorship arrangements which are made at the retail level. Provincial authority also extends to the regulation of many forms of commerce conducted on a purely local or provincial basis and to the incorporation of companies with provincial objects. Finally, Mr. Speaker, the provinces have delegated to municipalities responsibility for a variety of laws affecting the consumer interest.

I have more to say, Mr. Speaker, but I thought that in order to give some sequence to tomorrow's debate this might be a useful place for me to call it ten o'clock, if that is agreeable to hon. members.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

COMPANY OF YOUNG CANADIANS—INQUIRY AS TO FUNCTION

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, two weeks ago it was reported that Mr. David DePoe of the Company of Young Canadians made a speech at McGill University at Montreal in which he attacked the university administration. According to the report, Mr. DePoe named the McGill directors, citing their business associations, their clubs and so on, and then said the following: "It is about bloody well time students got democratic control of the universities. These corporations that support our society also support the war in Viet Nam, limit individual freedom and offer no human alternatives".

Following the report of his speech I rose in the House of Commons and asked the Prime Minister whether Mr. DePoe was carrying out his functions with the Company of Young Canadians when he made this speech.

• (10:00 p.m.)

While Mr. DePoe and others may have good grounds for criticizing the administration of McGill and other universities, it is unacceptable that they should do so as part of their function as members of the Company of Young Canadians. I submit that they ought not to use their position with the Company of Young Canadians to seek speaking engagements such as I have referred to.

The company was founded little more than a year ago by legislation passed in this house. During the debate I spoke in favour of the bill. I, with others, envisaged the Company of Young Canadians as being similar to the peace corps, or VISTA, in the United States, or to CUSO in Canada. The purposes of the company are set out as follows in sections 14 and 15 of the act. Section 14 reads:

> The objects of the Company are to support, encourage and develop programs for social, economic and community development in Canada or abroad through voluntary service.

I shall summarize section 15, which reads:

> In furtherance of its objects, the Company may ...

Do the following:

> (a) engage in community development work ...
>
> (b) organize and carry out programs designed primarily to widen the social and economic opportunities of young people ...
>
> (c) organize and carry out programs to assist young people who are economically or socially handicapped ...
>
> (d) assist vocational training projects ...
>
> (e) undertake recreation programs for young people ...
>
> (f) undertake programs in public health ...
>
> (g) engage in the teaching of home economics in areas of deprivation ...
>
> (h) organize and carry out programs for the development of co-operative undertakings ...
>
> (i) organize and carry out programs to assist the peoples of other countries to raise their standards of living ...
>
> (j) generally do at home or abroad all such things ... that would tend to further the objects of the Company.

Clearly, there is nothing in the purposes which I summarized that would allow for the type of activity which Mr. DePoe has carried on at McGill; for that matter nothing in the purposes of the legislation permits his activities in Yorkville and elsewhere. These comments might apply to the activities of other members of the Company of Young Canadians in other parts of the country.

I fully supported and still support the principle of the company, though I have been most disappointed to see some of its members behaving in a way that is completely incompatible with its purposes. Many of the company's members, and this includes Mr. DePoe, by their appearance and activities have portrayed a deplorable image of the company to

the Canadian people. They have done this to the extent that those who originally supported the concept of the Company of Young Canadians now have grave second thoughts. What was conceived in idealism to help the less fortunate has been twisted and frustrated by a group of cynical reactionaries, dropouts who are so full of self pity, pessimism and cynicism that they are not able to help others.

Hon. members ought to remember that Canadian taxpayers support the Company of Young Canadians. Many of our older citizens, many fathers of families, will find it hard to understand why their hard earned tax dollar supports a group which engages in the activities I have spoken of.

The Company of Young Canadians was created to help the underprivileged, unfortunate, illiterate and poor. Many of the company's members are carrying out its objects, though at present many more of its members are not interested in doing so. I urge the government to introduce reforms rapidly, before it is too late. Basic to any reform ought to be change of personnel. I see no future for the company so long as Mr. DePoe and others like him continue to play a leading role. It will not exist for long. The company has a great purpose and it does not deserve to be mutilated, as it has been. Of course in a free society one cannot object to the type of speech Mr. DePoe makes; but he should not make it as an agent or employee of a crown company, one that is supported by Canadian taxpayers.

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, I am informed by the Company of Young Canadians as follows:

> Mr. DePoe was personally invited by a student group to inaugurate the "Hyde Park" program of speakers at McGill University. He accepted their invitation and spoke about student participation in the management of the university. He was speaking as a Canadian citizen and as a young person concerned with education. When Mr. DePoe criticized the administration of McGill University he was not speaking on behalf of the company.

May I repeat that the foregoing is the reply given to me by the Company of Young Canadians. I wish to thank the hon. member for bringing this important matter to the attention of the house. I can assure him that his comments, so carefully prepared, will be brought to the personal attention of the Prime Minister.

[Mr. Allmand.]

AIR TRANSPORT—SERVICE TO ATLANTIC AREA BY CANADIAN PACIFIC AIRLINES

Mr. Robert McCleave (Halifax): If a person should decide to travel by air from St. John's to Ottawa, as many of my colleagues in parliament do, that person would, after leaving St. John's, have to land at Gander, then at Stephenville, then at Sydney, then at Halifax, then at Moncton or Saint John, then at Montreal, and finally at Ottawa. This adds up to seven landings for a flight from the capital of Newfoundland to the capital of Canada.

When I placed these various points on the map this afternoon, indicating them by dots, I found I had drawn an exact outline of the big dipper, so I call this run "the big dipper run"—an understandable term because whenever the plane comes to an airport it dips down and lands.

A few days ago I asked the Minister of Transport (Mr. Hellyer), fresh in his new position, whether he or the government would not look again at the policy which precludes Canadian Pacific Airlines from serving Atlantic Canada. The minister was prepared to reply, I believe, or at least to indicate some kind of answer, but was unable to do so at that time. I believe his parliamentary secretary is here tonight, and may give an answer.

I do not quarrel with the service which Air Canada provides Atlantic Canada but I do suggest there is some virtue in competition, because I do not think any competitive airline would take too long to solve a problem which involves people making seven stops while travelling what is in modern terms the relatively short distance between St. John's, Newfoundland, and the capital city of this country.

Air travel, as we know, is on the increase. I asked a question earlier this year in an attempt to ascertain the figures. These are printed in Hansard of January 9 at pages 11518 and 11519 and they show that in 1956 on an average 5,664 Canadians were in the air daily. Five years later that number had increased to 10,120 and in the first three quarters of 1966, again five years later, the daily average was 15,234. Thus the numbers travelling have increased by approximately 5,000 every five years or, to put it another way, by approximately 1,000 a year. So there is much more air travel by people of this country and consequently, I would suggest, more business by which Air Canada, Canadian Pacific and other airlines as well could profit.

We have in Halifax, or about 25 miles from that city, one of the world's great airports, an

international airport, capable of handling a tremendous amount of traffic, which is only partly utilized at the present time. I hope the government will not only allow Canadian Pacific to undertake profitable runs such as the run between Montreal and Halifax, but that it will consider requiring the company to take on, at the same time, some of the Newfoundland services as well, thus sharing the responsibility in eastern Canada as many people wish they would do. It would not be a case of enjoying only the cream of the business.

• (10:10 p.m.)

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): I am sure the hon. member will recall that the then minister of transport announced last spring a formula effective immediately which would grant C.P.A. additional transcontinental routes between Vancouver and Toronto-Montreal. The general aircraft shortage is such that C.P.A. will not be in a position to take up its franchise until some time next year. The general situation with regard to availability of aircraft has not appreciably changed. Therefore the question of additional services by the company becomes more or less academic, although the situation of course may change in the not too distant future.

The provisions of the Aeronautics Act make it possible for any carrier, including C.P.A., to apply for additional routes at any time and the application would be dealt with on its merits in terms of the economic need and economic justification by the air transport committee of the Canadian Transport Commission. Of course the hon. member for Halifax (Mr. McCleave) will be aware of the fact that basic considerations in dealing with applications of this sort are the volume of traffic available to sustain new service, and whether new service would put existing services into an uneconomic or more uneconomic position.

Service to the maritimes hitherto has been lower in density than elsewhere in Canada and a relevant question would be, therefore, whether volume of traffic could sustain competitive service. This would be a matter for determination for the air transport committee of the Canadian Transport Commission. A further relevant factor which would require consideration is whether, in the event there is enough traffic to sustain competition, the competition should be provided by C.P.A. or by regional carriers who have already developed service in the Atlantic provinces and who have legitimate aspirations for expansion. It would be for the commission to determine whether the traffic volume is sufficient to sustain competition, but it is quite obvious that when this stage is reached in the first instance there would not be room for competition with existing services by both C.P.A. and regional carriers.

Now, if C.P.A. were given the nod, a fledgling maritime industry for which the hon. member should have a consuming interest could be effectively killed. Finally, there are added to this provisions under the Aeronautics Act by which these matters can be brought forward by airline initiative for consideration by the commission at any time.

CANADIAN CONFEDERATION—SUGGESTED SURVEY TO ASCERTAIN QUEBEC OPINION

Mr. Barry Mather (New Westminster): Mr. Speaker, last week on orders of the day I attempted to raise a question which had reference to the subject of Canadian unity. The question was not accepted at that time, or at least I did not secure an answer to it. I gave notice that I would like to raise it during this period.

As I recall the wording of my question I asked whether in view of the widespread concern about Canadian unity at this time and the lack of actual firm knowledge about the sentiments of the majority of the people of Quebec in this regard, could consideration be given to taking the pulse of the people of Quebec by holding a public opinion poll concerning the matters which they thought should be involved in the question of national unity.

Since that time two members of the house gave us the benefit of their opinions on this subject. I should like to quote from a report of a recent speech given by the leader of the New Democratic party in Quebec, Mr. Robert Cliche. What he had to say is what I had in mind in respect of this issue. He said:

> Some people speak more and more about constitutional changes but those who would be called on to bring about this revolution,—

That is, the ordinary people of Quebec.

> —to participate in it, know nothing about it. They preoccupy themselves very little with the various opinions, harnessed as they are to their daily problems and the economic battle.

In the interval between the time I raised the original question and tonight I have had time to give further thought to the general proposition I attempted to put forward. I would now like to boost briefly the scope of

my original question to the point where I would ask if consideration could be given to granting the people of Canada an opportunity to express themselves on the issue of Canadian unity through a public opinion poll. I do not think we can say we have failed, but to this date this parliament and the provincial legislators have not come up with leadership or clear policy on this question. Since this is so, it might be advantageous for us to consider taking a poll of the people themselves whereby they can give leadership to us. Therefore I ask that consideration be given to consulting with the provinces, with a view to seeking the views of the Canadian people on all the issues involved in this very grievous question that affects us today, the question of national unity.

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, as the hon. member well knows, the B. and B. royal commission is now seized of the responsibility of reporting on the feelings of Canadians in relation to this very important question. Undoubtedly in the course of its work it will have conducted surveys which will be incorporated in its report, which report the Prime Minister (Mr. Pearson) hopes may be available by the end of November.

Surveys on the question of national unity have been commissioned by private concerns from time to time. There have been such surveys in the past; no doubt such surveys will be made in the future. One might ask as a principle of political economy whether it is sound to conduct government through the expediency of surveys. Certainly there are those who would urge that this is not conducive to a healthy democratic process. Moreover, it would be difficult for the federal government to get involved directly in this field without accusations of partiality, and the like.

The views of the Prime Minister and of his government are so clearly established that national unity really is not in question. Political parties, members of parliament and constituency associations can add to reflect the feelings of the public in most questions. It is by these soundings that policies are influenced. My hon. friend represents a constituency, and I represent a constituency, and collectively we all offer a resounding endorsement in this chamber for the continued unity of our nation.

May I say in response to the hon. member's important query that as long as we are all of one mind in this matter, as we are, with almost complete unity, this would not appear to be the kind of question that should be put before a province, or all of the country, by way of referendum.

Motion agreed to and the house adjourned at 10.21 p.m.

HOUSE OF COMMONS

Wednesday, October 18, 1967

The house met at 2.30 p.m.

PRIVILEGE

MR. SAUVÉ—SPEECH RESPECTING NOVA SCOTIA ECONOMIC PROBLEMS

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, I rise on a question of privilege. Questions were raised in the house yesterday concerning my speech on Monday in Banff to the national conference on the economics of unity. I should like to inform the members of the house of my exact remarks, which I feel were misconstrued during the question period yesterday. My exact words at Banff were:

> Our planning problem is to synchronize the phasing out of coal mining and steel production in the greater Sydney area, the encouragement of new industrial developments along the Canso Strait and structural adjustment in rural areas in such a way that we attain the maximum regional economic development impact. This requires, among other alternatives, guiding the surplus rural population, displaced coal miners and steel workers to new jobs in the Canso area. To accomplish this will require co-ordinated structural changes in the economy.

As these remarks make clear, I was speaking about the general economic development problems in Nova Scotia and our search for solutions to these problems. At no place in my speech did I mention the announcement made by Dosco last Friday, nor did I discuss the situation which results from that announcement. I was outlining the task that faces the planners in Nova Scotia and the types of things, if a development program were agreed upon, to which they would have to address themselves. I was not announcing any government decision.

As the minister responsible for rural development one of my responsibilities is to be concerned with the elaboration of regional development plans. Discussions with the government of Nova Scotia on the establishment of such a plan for eastern Nova Scotia and Cape Breton were started in the spring of 1965, and preliminary reports on the area were submitted to the governments of Canada and Nova Scotia on January 31, 1967.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, on the question of privilege raised by the minister, there is no question but that he is referring to questions I put to the cabinet yesterday. The confusion here arises from the answer by the Minister of Industry (Mr. Drury) when, as reported at page 3167 of *Hansard*, in reply to a question in respect of planning he said this:

> The plan to close was announced, not as a plan of the government but as a plan of the Dominion Steel and Coal Corporation. Consequently the government is not formulating plans—

I repeat "is not formulating plans."

> —to close the operation. As yet we are not in a position to say intelligently what should be done. I would be not only imprudent but, I think, stupid to try to indicate to the hon. member that we now know all the answers.

The minister of forestry has raised a question of privilege in respect of remarks he made at Banff regarding the Sydney steel operation, a situation which the government only became aware of on Thursday last. I specifically draw your attention, Mr. Speaker, to the minister's own words when he said:

> Our planning problem is to synchronize the phasing out of coal mining and steel production in the greater Sydney area—

I emphasize the phrase "phasing out". There is no question or doubt about it; these are the minister's own words quoted by him a moment ago, completely contradicted by the Minister of Industry yesterday in this house and contradicted by other ministers of the government who have implied and said publicly that they fully intend to do everything possible to keep the Sydney operation in existence.

• (2:40 p.m.)

Yesterday I asked the government whether the remarks made in Banff by the Minister of Forestry and Rural Development were government policy. That question is still foremost in my mind, as I am sure it is in the mind of every member of this house, in view of the fact that there is a contradiction between the public statements made outside this house by several ministers and the statement made in the house by the Minister of Industry. Therefore if the Minister of Forestry and Rural Development feels he has a

question of privilege, I suggest he take it up with his cabinet colleague.

Mr. Speaker: Order, please. Having heard the question of privilege raised and the comments made by the hon. member for Cape Breton South I think there is an obvious divergence of opinion between the two hon. members, and the matter should be allowed to rest there for the time being.

[*Translation*]

MR. GREGOIRE—REPLY TO RESIGNATION SUGGESTION BY MANPOWER MINISTER

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I also wish to rise on a question of privilege.

It is based on the statement made yesterday by the Minister of Manpower and Immigration (Mr. Marchand) to the effect that the member for Lapointe must—he did not say "should" but "must"—vacate his seat, because he is a usurper in this house.

Some hon. Members: Hear, hear.

Mr. Grégoire: He made it clear, Mr. Speaker, that he was alluding not only to the member for Lapointe but also to the two other Quebec members who spoke out for the independence of Quebec, as well as to all members of parliament and of the Quebec legislature who, in the future, will endorse and support the independence of Quebec.

Under the circumstances, Mr. Speaker, and in view of the charges made by the Minister of Manpower and Immigration, it is now his duty to prove to the house and to the public that a member who changes seats in this house or prefers to fight for his ideas instead of betraying his fellow-citizens, is compelled to resign by the procedure and standing orders. I think it is the minister's duty to support his statement by evidence. If he has no evidence, if it is merely a wish because he does not like to see independentists in the house, well I state right here that I am ready to resign and to do so immediately.

Some hon. Members: Hear, hear.

Mr. Grégoire: But I would like my gesture to be meaningful, and since it is the opinion of the electors of the riding of Lapointe that the Minister of Manpower and Immigration wants, I am ready to resign if he will do the same and stand for election in the riding of Lapointe. I will be a candidate for the independence of Quebec; let him run as a candidate for federalism, and then we will get the opinion of the electors of the riding of Lapointe.

[Mr. MacInnis (Cape Breton South).]

Mr. Speaker, I never denied the minister the right to sit here even if we know that money rather than convictions helped him get elected. Therefore, I feel that he should respect also the other members of the house and I challenge him—

Mr. Speaker: Order.

Mr. Grégoire: —to run for parliament in the riding of Lapointe.

[*English*]

Mr. Speaker: Order, please. Presenting reports by standing and special committees.

[*Translation*]

Mr. Grégoire: Mr. Speaker, may I know whether the Minister of Manpower and Immigration accepts the challenge?

Mr. Speaker: Order. I must say to the hon. member that there is no question of privilege. In addition, if he so wishes, I shall inform him of the considered opinion I reached after studying the notice he gave me a few hours ago. I considered the matter in the light of citation No. 110 of Beauchesne's Parliamentary Rules and Forms, fourth edition, which stipulates that there is a breach of privilege in cases of libel against a member of parliament. More specifically, and I quote:

> —that to print or publish any libels reflecting upon any member of the house for or relating to his service therein was a high violation of the rights and privileges of the house.

Therefore, to justify a question of privilege, the comments attributed to an hon. member must be of a libellous nature. I do not think that is the case with the minister's comments concerning the hon. member for Lapointe. The minister expressed the view that an hon. member cannot change his party allegiance without asking for a new mandate from his electors. According to the hon. member for Lapointe, nothing under our rules or parliamentary practice makes it compulsory for an hon. member to tend in his resignation under such circumstances. Obviously, there is a conflict of opinion between the two hon. members, but such a disagreement is no ground, in my opinion, for a question or privilege.

Mr. Grégoire: Mr. Speaker, I abide by your ruling. All I can say is that the Minister of Manpower and Immigration shows that he is coward by refusing to take up the challenge.

Mr. Speaker: Order.

[*English*]

PENSIONS

TABLING OF PRESS ANNOUNCEMENT OF INCREASE

Hon. A. J. MacEachen (Minister of National Health and Welfare): I am making a press announcement today concerning pension increases, and because the matter has been raised in the house I should like to have permission to table a copy of this announcement. The statement is rather detailed and a bit too technical to be made on motions.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

FINANCE

TARIFF BOARD REPORT ON REFERENCE RESPECTING PRECISION INSTRUMENTS

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I have today tabled copies in English and French of the report of the Tariff Board on reference No. 138, which relates to certain precision instruments and apparatus. The tariff items in reference No. 138 cover certain precision instruments, apparatus and tools used in metal working, surveying, prospecting and map making. I have tabled also the transcript of the evidence presented to the board at its public hearings.

I assure the house that the government will be giving detailed study to this report, and that representations from interested parties wishing to comment on the report will receive careful consideration.

Mr. Speaker: Has the minister leave to table this report?

Some hon. Members: Agreed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

PROVISION FOR CHANGE IN NAME OF NEW RIDING OF OSHAWA

Hon. Michael Starr (Leader of the Opposition) moved for leave to introduce Bill No. C-165, to amend the Electoral Boundaries Readjustment Act.

Some hon. Members: Explain.

Mr. Starr: Mr. Speaker, the Electoral Boundaries Readjustment Act created a new riding named Oshawa, which consists of two incorporated municipalities. The purpose of this bill is to give identification to both municipalities by naming this electoral district Oshawa-Whitby. I ask, Mr. Speaker, that this bill be given consideration during the present session of parliament.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RECIPROCAL VOTING ARRANGEMENTS WITH OTHER COUNTRIES

Question No. 340—**Mr. Stanbury:**

Of the countries whose citizens are accorded the privilege of voting and seeking election in Canadian federal elections, which ones (a) extend similar privileges to Canadians resident in these countries (b) do not?

Hon. Paul Martin (Secretary of State for External Affairs): (a) The following countries extend the privilege of voting and standing for election to Canadian citizens: Britain, Australia, New Zealand, Jamaica, Guyana and the West Indies (Associated States): Antigua, St. Vincent, Dominica and St. Lucia. (b) The following countries do not extend these privileges: Malta, Tanzania, India, Nigeria, Sierra Leone, Ceylon, Cyprus, Singapore, Pakistan, Zambia, Malaysia, Ireland, Kenya, Ghana, Malawi, South Africa and Lesotho. (c) The following countries permit Canadians to vote only: Trinidad and Tobago and the West Indies (Associated States): St. Christopher-Nevis-Anguilla.

INTEREST PAYMENT ON GOVERNMENTAL DEBTS

Question No. 366—**Mr. Mather:**

What, in dollars, was the gross interest payment of the federal, provincial and municipal governments of Canada for the fiscal years 1963 and 1964?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce):

Gross interest payments of federal, provincial and local governments

	Fiscal year ending March 31	
	1963	1964
	(thousands of dollars)	
Federal	881,597	954,542
Provincial	191,489	218,605
*Local (including municipal, schools and utilities)	210,178	239,566
Total	1,283,264	1,412,713

*The fiscal year of local governments is the calendar year. For comparative purposes, the municipal fiscal years 1962 and 1963 are equated with the federal and provincial fiscal years ended March 31, 1963 and 1964 respectively.

*REPRESENTATIONS ON McIVOR COMMISSION RECOMMENDATIONS

Question No. 437—**Mr. Stefanson:**

1. Which provincial or territorial authorities have made their views known to the federal government in regard to the recommendations of the McIvor commission, giving views expressed and dates received?

2. Which provincial or territorial authorities concerned have not made their views known to the federal government?

Hon. Robert Winters (Minister of Trade and Commerce): The answer to No. 1 is that views have been received from the governments of Manitoba and Alberta during July and August and an interim acknowledgement from the Northwest Territories government during September. It would be inappropriate to make known views conveyed until returns are complete from all governments and authorities involved and there has been opportunity for any explanatory discussion needed.

2. An expression of opinion is awaited from the governments of Saskatchewan and Ontario as well as confirmation of views from the Northwest Territories government.

MOTIONS FOR PAPERS

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, would you kindly call notices of motions Nos. 19 and 22. I ask that the remaining notices of motions be allowed to stand.

INTERNATIONAL WHEAT AGREEMENT

Motion No. 19—**Mr. Knowles (for Mr. Lewis):**

That a humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence or other communications between the premier of Saskatchewan and the Prime Minister, the Minister of Trade and Commerce and The Minister of Agriculture since July 31, 1967, concerning the international wheat agreement and wheat prices.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I am sorry that the mover of this motion is not present. May I say I checked with all departments concerned in this motion and I have been informed that there is no correspondence in any of the departments relating to the matter, nor any communications on file. I would have asked the hon. member to withdraw his motion, but I will simply have to indicate that there will be a nil return.

Mr. Speaker: Is it agreed that this motion be withdrawn.

Mr. Knowles: Under those circumstances, Mr. Speaker, I think it might as well be withdrawn.

Order discharged and motion withdrawn.

ADMINISTRATION OF INDIAN AFFAIRS, NORTHWESTERN QUEBEC

Motion No. 22—**Mr. Laprise:**

That an order of the house do issue for copies of all documents or reports exchanged during the years 1965-66, between Mr. Hervé Larivière, superintendent of Indian affairs at Amos, on the one hand and the Department of Indian Affairs and Northern Development on the other, dealing with the administration or location of Indian affairs offices in northwestern Quebec.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, by this motion the hon. member is asking for the tabling of documents and reports which were distributed wholly between officials of my department. I think it is a well established rule that such documents are privileged. Therefore I regretfully ask my hon. friend to withdraw his motion.

Order discharged and motion withdrawn.

NOVA SCOTIA

PLANS FOR PHASING OUT OF STEEL OPERATION

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Prime Minister. I would ask the Prime Minister what plans the government has formulated —I emphasize those words—for the phasing out of the Sydney steel operation.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we are working out plans for the protection of the interests of the workers especially in the Sydney steel plant. Those are the plans with which we are preoccupied at the moment.

Mr. MacInnis (Cape Breton South): A supplementary question. I would ask the Prime Minister to explain to the house whether this is support for the statement made by the

Minister of Industry yesterday and a denial of the statement of the minister of forestry, or vice versa.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. May I ask the Prime Minister or the minister of health and welfare whether they can give the house any report regarding the discussions which were held yesterday with the government of Nova Scotia and other interested parties in connection with the closing of the steel mill at Sydney, particularly with reference to the suggestion made by the premier of Nova Scotia that his government would be prepared to pay part of the losses sustained in keeping the steel mill in operation until the end of April.

In view of the fact that it may be important to buy time until a more permanent solution can be found, is the government of Canada prepared to pay any part of the losses which may be involved in keeping this plant going for some time until a proper solution is found?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, we did have a meeting in Sydney last night which lasted for quite a long time. It made possible a very long and detailed discussion about the problems that affect this particular plant, especially the notices of lay-offs.

The premier of Nova Scotia informed the meeting that he had arranged for discussions with the officers of Dosco on Thursday, at which time he intended to discuss the possibility of extending the time for another four months and to indicate that the government of Nova Scotia would consider if necessary the payment of any losses suffered by the corporation during that period. The premier indicated that he proposed to ask the government of Canada to share in any such losses. I assured the meeting and the government of Nova Scotia, as did my colleague the Minister of Energy, Mines and Resources, that we would report this request as quickly as possible to the cabinet, and that the matter would be given the most careful consideration. Of course we also undertook that we would arrange early next week, following the meeting of Thursday, a further meeting between the government of Canada and the government of Nova Scotia.

Mr. Douglas: A further supplementary question, Mr. Speaker. Stories have been carried on radio and television to the effect that some parties are interested in acquiring the steel plant with the idea of keeping it in operation. Have these inquiries come to the attention of the government? Is the government pursuing them? Is the government prepared, in the event that some of these parties are interested in operating the plant, to render any financial assistance that may be necessary to keep it in operation?

Mr. Starr: A supplementary question, Mr. Speaker—

Mr. Douglas: Mr. Speaker, I had asked a question.

Mr. Speaker: Order, please.

Mr. Douglas: I rise on a point of order. May I ask whether the minister has an answer to my question? I asked whether the government has received inquiries from persons who might be willing to take over the steel plant and operate it.

Mr. MacEachen: Mr. Speaker, those attending the meeting last night disclosed, I believe, that there has been an exploratory exchange between Japanese interests and the government of Nova Scotia. As I say, I believe the exchange was exploratory and was being followed up by the minister of trade and industry in the province of Nova Scotia.

Mr. Douglas: What about the Toronto interests? Is there any word from the group in Toronto that has indicated its interest?

Hon. Michael Starr (Leader of the Opposition): May I direct a supplementary question to the Prime Minister. It has not been made clear whether the federal government is willing to sit down with Dosco officials to discuss the ramifications of this situation and endeavour to find a way out. My question is this. Is the Prime Minister going to see that this is done, or is everything to be left entirely to the provincial government, for it to take the initiative in this matter?

Mr. Pearson: Mr. Speaker, in a case of this kind where a particular concern is affected in a particular province—here it is a particular factory—the primary and immediate responsibility belongs to the government of the province. The government of the province has taken the responsibility, and we are co-operating and will continue to co-operate with the province in every appropriate way to assist in finding a solution.

Mr. Starr: A further supplementary question, Mr. Speaker. Does not the Prime Minister think that unemployment in Canada is a

national responsibility, and that this situation will create a great deal of unemployment in that part of the country?

[*Translation*]

[*Later:*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a supplementary question to the Prime Minister.

Could the Prime Minister tell us whether the shut-down of the Dosco plant in Nova Scotia and the outflow of capital from that province are due to the presence of separatists in Nova Scotia? Moreover, could he tell us whether he intends to appeal to unity as in wartime in order to cope with the situation?

[*English*]

Mr. Speaker: Order, please.

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I think this question is far too important for hon. members to make facetious comments about it. May I ask the responsible minister—and I assume that the government, in view of the serious situation affecting steel at Sydney, has designated one or more spokesmen—whether a Mr. Herbert B. Noble of Toronto has been discussing with members of the cabinet, over a period of months, the purchase of the Sydney steel mill?

Mr. Pearson: Not to my knowledge, Mr. Speaker. He certainly has not mentioned it to me. I shall consult with my colleagues. I have already made preliminary inquiries and nobody seems to be aware of any such discussions, but I shall look into it.

Mr. Muir (Cape Breton North and Victoria): A supplementary question, Mr. Speaker. May I ask the Minister of National Health and Welfare if, in a telephone conversation alleged to have taken place yesterday, he gave encouragement to the group that is said to be interested in acquiring the steel plant?

Mr. MacEachen: I read a press account to the effect that a Mr. Noble had been in touch with me; that is the first I heard about the matter. I did receive a telephone call over the week end which I regard as not being of a nature as to warrant the speculation suggested in the hon. member's question.

[Mr. Starr.]

IMMIGRATION

BERTRAM PETERSON—REQUEST FOR PERMISSION TO REMAIN IN CANADA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to repeat a question which I directed to the Minister of Manpower and Immigration one week ago today, on October 11, as reported on page 2985 of *Hansard*, concerning a Mr. Bertram Peterson, a coloured South African newspaperman who had been asked to leave Canada by October 16. The minister was good enough to say at that time he would look into this matter. In view of the fact that sending a coloured person back to South Africa might have serious repercussions, may I ask the minister whether after a week's deliberation he has reached any conclusion as to the possibility of allowing this gentleman to stay in Canada?

Hon. Jean Marchand (Minister of Manpower and Immigration): I think I stated last week when the question was asked that I was reviewing this case. I hope that tomorrow I shall be in a position to give an answer to the house in regard to it.

I regret that last night on a C.B.C. show the fact was not mentioned that I had stated in the house my intention to review the case. I regret, too, that the C.B.C. did not get information from my department which would have obviated a certain number of the mistakes they made.

Some hon. Members: Hear, hear.

FINANCE

REPORTED DROP IN PRICE LEVEL OF GOVERNMENT BONDS

On the orders of the day:

Hon. George Hees (Northumberland): I have a question for the Minister of Finance. In view of the price levels to which government bonds have fallen in recent days, particularly the sharp decline yesterday, is it the intention of the government to take immediate steps to re-establish public confidence in this important means of government financing?

Hon. Mitchell Sharp (Minister of Finance): I am sure that when the hon. gentleman read the newspapers this morning, he noticed as I did that this was a movement of bond prices which has spread throughout North America. While, of course, it is of very serious concern,

it is not a problem which lies wholly within the control of the Canadian government.

Mr. Hees: I am sure the minister will agree that it does fall within the responsibility of the government. May I therefore ask the minister again whether the government intends to take immediate steps to re-establish confidence in this method of government financing?

Mr. Speaker: Order. The hon. member is reiterating a question he has already asked.

[*Translation*]

[*Later:*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, may I put a question to the Minister of Finance.

In view of the newspaper reports this morning that the president of a Canadian bank called the financial policy of the government a "massive swindle", I should like to ask the minister, first, whether he is aware of this very serious charge and, secondly, whether he intends to refute it publicly as soon as possible.

Mr. Speaker: I think the question is out of order.

Mr. Mongrain: Ten o'clock, Mr. Speaker.

[*English*]

CANADIAN PACIFIC RAILWAY

CALGARY—PROTESTS RESPECTING SHOP LAY-OFFS

On the orders of the day:

Mr. H. R. Ballard (Calgary South): My question is directed to the Prime Minister or to the Minister of Manpower and Immigration. Has the Prime Minister or the minister received protests from Canadian Pacific Railway federated trade union officials in Calgary with reference to the lay-off this week of 400 men from the city's C.P.R. terminal shops?

Hon. Jean Marchand (Minister of Manpower and Immigration): I am not aware of any. I will check with the department to find out whether such a protest has been received.

Mr. Ballard: Would the minister of manpower investigate this matter together with his officials in the manpower office at Calgary, with the object of getting the C.P.R to find alternative employment for these men?

FORESTRY

INQUIRY AS TO RESTORATION OF DOMINION-PROVINCIAL AGREEMENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Forestry and Rural Development. In view of the charge made by Mr. D. I. Crossley, president of the Canadian Institute of Foresters at their annual meeting at the Chateau Laurier hotel yesterday that the government is inactive in the face of an urgent need to increase forest productivity, and that it has resisted all attempts to restore the federal-provincial forestry agreements terminated over a year ago, can the minister inform the house what are the government's intentions with respect to these agreements?

Mr. Speaker: Order. I have the impression that this question is of such a general nature as to require the minister to make a statement on motions, and for this reason I suggest to the hon. member that his question should not be asked at this time.

Mr. Herridge: With all respect Mr. Speaker, there is an important conference taking place in Ottawa now, and those attending are most concerned about federal-provincial agreements with respect to forestry development in this country. The question is urgent from their point of view, and I have been requested by several good sources to ask this question.

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): These agreements came to an end on March 31, 1967, and no consideration is being given to their re-establishment.

HEALTH AND WELFARE

MEDICARE—REPORTED STATEMENT BY N.B. PREMIER

On the orders of the day:

Hon. E. D. Fulton (Kamloops): I should like to ask the right hon. the Prime Minister whether he is in a position today to answer the question I asked him yesterday with regard to a reported statement by Premier Robichaud, in connection with discussions between the federal and provincial governments on the subject of medicare.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. I have made inquiries to find out whether such a statement was made, and in what terms. I have not yet received the results of those inquiries. As soon as I do I shall be in a position to give an answer.

Inquiries of the Ministry

THE CANADIAN ECONOMY

CO-OPERATION TO ACHIEVE STABILITY IN PRICES AND WAGES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): May I ask the Minister of Finance a question. Have the leaders of management and labour now rejected the idea of voluntary guide lines which he put forward a few days ago?

Hon. Mitchell Sharp (Minister of Finance): I have never used the words "guide lines" in any statement I have made, but I am confident that both management and labour will respond to the government's plea for restraint in present circumstances. It is most important to the jobs that men have and to the profitability of our industry that our costs and prices should not be rising as rapidly as they are.

Mr. Woolliams: Would the Minister of Finance confirm or deny, now, that this does not apply to people working in the public service?

Mr. Sharp: This is a question which, of course, will have to be dealt with in due course when we come to negotiate with the public service employees. I am quite sure they will be dealt with fairly, and I would expect that with respect to its own employees the government would have to apply the sort of policies which it advocates and will continue to advocate to the public in general.

TRANS-CANADA HIGHWAY

BROCKVILLE, ONT.—REQUEST FOR STEPS TO OVERCOME REPORTED HAZARD

On the orders of the day:

Mr. P. V. Noble (Grey North): I have a question for the Minister of Public Works. Will the government take immediate action toward correcting the hazard which exists on that portion of the trans-Canada highway known as death alley, near Brockville, where five people were killed yesterday, bringing the total who have met death there to 16?

Mr. Speaker: Order. I have some doubt whether this matter comes under federal responsibility. If it does, the minister might reply.

Hon. G. J. McIlraith (Minister of Public Works): Under the trans-Canada highway agreement, and as a matter of law, responsibility for the highway falls within the ambit of the provincial governments. The federal government makes a very substantial contribution toward the cost, but it does not lay out the routes.

Mr. Noble: I think if the minister could take some initiative, bring some pressure to bear on the provincial government, this real hazard—

Mr. Speaker: Order. We have only 30 minutes, and I have the impression that there are sufficient federal matters to be raised within that time without embarking on provincial ventures.

[*Translation*]

LABOUR CONDITIONS

MONTREAL—EXTENSION OF METRO TO AID EMPLOYMENT

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, may I direct a question to the prime minister.

In view of the statement made by Premier Daniel Johnson yesterday in respect to the extension of the Montreal subway as a counter-measure against unemployment in the Montreal area, does the government intend to grant financial assistance to the government of Quebec or to the city of Montreal, as the case may be?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): I certainly wish to take notice of that question.

FINANCE

SUGGESTED RESTORATION OF FLOATING EXCHANGE RATE FOR CANADIAN DOLLAR

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Finance, and it is based on a news report yesterday with regard to transactions by the Bank of Canada in order to depress the Canadian dollar at least close to the pegged level. In view of the conflict that is bound to arise between these two obligations of our government, the maintenance of the reserve limit of $2.6 billion, has the government considered instituting discussions with the International Monetary Fund with a view to restoring the floating exchange rate for the Canadian dollar?

Hon. Mitchell Sharp (Minister of Finance): The answer, Mr. Speaker, is no.

NORTHERN AFFAIRS

POND INLET, N.W.T.—ORDER STOPPING BROADCASTS BY PRIVATE RADIO STATION

On the orders of the day:

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, I have a question for the Minister of Transport but in his absence will ask the acting minister whether he or the Department of Transport can confirm that the department has ordered the private radio station at Pond Inlet, in the Northwest Territories, a small Arctic community 2,000 miles north of Montreal, to stop broadcasting. If so, what were the circumstances relating to that order?

Mr. Speaker: Order. I suggest to the hon. member that this is not a question that should be asked at this time.

Mr. Orange: On a question of privilege, Mr. Speaker, this radio station services a small group of approximately 350 people. It provides—

Mr. Speaker: Order, please.

Mr. Orange: —community services, community news to the community and to the Eskimo people living in the nearby camps—

Mr. Speaker: Order, please.

Mr. Orange: My question of privilege—

Mr. Speaker: Order. I have no doubt that the hon. member can obtain that information from the minister if he thinks there is great urgency in this matter.

TRADE

WHEAT—DISCUSSIONS RESPECTING SALES TO JAPAN

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Yesterday in reply to a question from the hon. member for Bow River the minister said that Japan was getting ready to start trading again in wheat with this country. During his trip did the minister receive any assurance or commitment from the Japanese government as to the amount of wheat it would be taking during this crop year?

Inquiries of the Ministry

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the Japanese have never discontinued taking wheat from Canada. The amounts recently were not as great as we would wish, but they recently told us the quantity they will take in December and it is pretty well up to their normal imports from Canada. They are now working on their allocations for January and February, and I hope they will be in the normal range.

[*Translation*]

TEXTILES—SUGGESTED RESTRICTION ON IMPORTS FROM JAPAN

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): I have a question for the Minister of Finance.

As Japan has reduced considerably its purchases of wheat from Canada and has ignored Canada's protests concerning textiles imports, is it the intention of the minister, with a view to assist many Canadian industries, to impose quotas on textiles, and especially Japanese synthetic fibres?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I deny the premise of the question asked by the hon. member. The Minister of Trade and Commerce has dealt with the question of wheat sales to Japan. I have had an opportunity of speaking to Japanese authorities about restraints on their export of textiles and fibres to Canada, and I hope to be able to make a statement on this matter early next week.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DIRECTOR GENERAL OF GATT

On the orders of the day:

Hon. Robert Winters (Minister of Trade and Commerce): While I am on my feet, Mr. Speaker, perhaps I may be permitted to draw the attention of hon. members to the presence in the Speaker's gallery of Mr. Eric Wyndham White, who is director general of the general agreement on tariffs and trade, a gentleman to whom we all owe a great debt for his outstanding work on trade liberalization, and particularly the success of the Kennedy round.

Some hon. Members: Hear, hear.

Inquiries of the Ministry

HEALTH AND WELFARE

MONTREAL—REPORTED AIR POLLUTION PROBLEM

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Have the health officials of the city of Montreal brought to his attention the serious air pollution problem that has developed in the city of Montreal in the last few days, asking that exhaust control features on motor vehicles be made a national standard the same as they will be in Ontario and the United States?

Mr. Speaker: Order, please. I am wondering if the hon. member is not repeating a question he asked a few days ago.

Mr. Grafftey: Mr. Speaker, I am not repeating a question I have asked in this house previously. Because of conditions in Montreal that are obvious to all hon. members of the house there is an urgent situation in that city, and I have asked the minister, because of that specific condition which has arisen in the last few days, whether city health officials did bring representations to the government of Canada.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I am not aware of any such representations, but I have been away for a short time and I will check when I get back to my office.

CAPE BRETON DEVELOPMENT CORPORATION

INQUIRY AS TO APPOINTMENT OF PERSONNEL

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the worsening economic situation on Cape Breton island may I ask the hon. gentleman whether he is yet in a position to give further information to the house concerning the Cape Breton Development Corporation, specifically with regard to personnel and so on.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, the government approved today the nomination of four members of the board. They are R. B. Cameron of Balderwood, Halifax county, N.S.; R. I. Grant, of Port Hawkesbury, N.S.; D. O. Hartigan of Sydney Mines, N.S., and M. Alex Leishman of Toronto. I might add that there are two more to come, and that Mr. Grant and Mr. Hartigan were recommended by the government of Nova Scotia.

Mr. T. C. Douglas (Burnaby-Coquitlam): As a supplementary question, Mr. Speaker, may I ask the minister when this board will take over and the corporation will begin to function. Further, has any figure been agreed upon to be paid to Dosco for the mining properties that are to be acquired and, if so, what is that figure?

Mr. Pepin: Mr. Speaker, the corporation came into legal being on October 1. With respect to the second question on the acquisition of the mine I might say that the procedure of acquisition has already started because an inventory of Dosco property is being made, as foreseen in the legislation. People in charge of this had a meeting in Montreal yesterday on that subject.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I wish to ask a supplementary question and I do so because of the attitude of Dosco in its recent announcement about closing its steel mill. I would ask the minister, as he was also asked during passage of the corporation legislation, if he will assure hon. members of this house that any price paid to Dosco will first be approved by this house, and the matter will not be left entirely in the hands of the board.

Mr. Pepin: Mr. Speaker, the legislation anticipates three ways by which the purchase of the mine could be made. The first is by mutual consent, the second is by arbitration, and the third by expropriation. I think it would not be rational not to begin with discussions between the corporation and the company in order to find out if they could come to mutual agreement.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I direct a further supplementary to the Minister of Justice. Would the Minister of Justice take a careful look at the recent agreement signed by Dosco with the provincial and federal governments, whereby financial assistance was made available to Dosco? Would he examine that agreement as to whether or not there has been a breach of contract?

Mr. Speaker: Order, please. The hon. member is making a suggestion to the minister that I am sure will be taken into account.

Mr. MacInnis (Cape Breton South): I will put a direct question to the minister. Will the minister examine this latest agreement for a breach of contract?

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, the matter is being looked into.

[*English*]

EXPO '67

REQUEST FOR SEVERE PENALTIES FOR THEFTS FROM PAVILIONS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to direct a question to the Minister of Justice which may not be of the importance of some previous questions but to me it is most important. As a brief introduction to my question may I say that Expo '67 has been a brilliant success and has brought honour and prestige to Canada. The image must not be tarnished in its closing days by thefts from pavilions of the many countries which have made Expo such a success. Will the Minister of Justice make it known in this House of Commons that whilst the Criminal Code is federal and the administration of justice is provincial, he will call for the fullest investigation of all thefts and for the severest penalties against those who by their irresponsible and illegal actions would bring the name of Expo and Canada into ill repute?

Mr. Speaker: Order, please.

INDUSTRY

REQUEST FOR POLICY STATEMENT ON STEEL PRODUCTION

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I wish to direct a question to the Prime Minister. Can we have a statement from the government outlining its attitude in regard to an over-all policy on steel production, something which is so vital to the future of Canada?

Mr. Speaker: Order. It seems to me the hon. member is asking for a type of statement that should be made on motions, and for that reason I do not think the question is in order.

Inquiries of the Ministry

OLD AGE SECURITY

REQUEST FOR RESTORATION OF PURCHASING POWER OF PENSIONS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. The news release he tabled a few minutes ago indicates that the monthly old age security pension will be increased by the large sum of $1.50 next year, and that the supplementary pension will be increased by 60 cents. In view of the large rise in the consumer price index is the government giving consideration to a formula which will restore the purchasing power of those old age pensioners?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker it is evident from the statement that under the present law we have a method for updating pensions through effective increases as a result of changes in the cost of living. We have made an adjustment in accordance with the maximum allowable under the law. As the hon. member must realize, these will be annual adjustments which will have significance in respect of these changes.

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I have a related supplementary question for the Minister of National Health and Welfare. I should like to ask him whether in this current session of parliament the government is going to correct the gross injustice which occurs to old age pensioners' supplement payments in respect of changes in their income status during a calendar year.

Mr. Speaker: Order.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Veterans Affairs. Now that it is official there is to be a $1.50 increase in the old age security pension, will the minister take the necessary steps to make sure that war veterans allowance recipients who also receive the old age security pension will not lose the $1.50 from their war veterans allowance?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, we will of course give consideration to this matter and make an announcement at the appropriate time.

[*Later:*]

Mr. Starr: Mr. Speaker, I rise on a point of order. I asked a direct question of the Minister of National Health and Welfare. Your Honour recognized another member before giving the minister an opportunity to reply. I am not sure, but perhaps Your Honour ruled my supplementary question out of order.

Mr. Speaker: That is a reasonable conclusion.

INDIAN AFFAIRS

REQUEST FOR IMPROVEMENT OF WELFARE CONDITIONS ON RESERVES

On the orders of the day:

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Last week he indicated in this house his responsibility in relation to the welfare of a small group of Canadians. What plans does the minister have for the alleviation of the welfare conditions that exist on Indian reserves in Canada?

Mr. Speaker: Order. The hon. member is asking a question which again is much too wide in scope to be answered at this time.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—PROVISION FOR RAILS

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I intended to direct my question to the triumphant Minister of Public Works. However, in view of his departure perhaps his parliamentary secretary will answer. My question is prompted by a seemingly authoritative article in a leading construction journal. Will the minister advise whether his department in its reappraisal of the design for the Northumberland strait crossing has decided that the structure will not have provision for rails?

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I will make sure that the minister sees this question so that he can make an appropriate reply.

CORPORATE AND CONSUMER AFFAIRS

PROVISION FOR ESTABLISHMENT OF DEPARTMENT, APPOINTMENT OF PERSONNEL, ETC.

The house resumed, from Tuesday, October 17, consideration of the motion of Mr. Turner for the second reading of Bill No. C-161, to establish a department of corporate and consumer affairs.

[Mr. Teillet.]

Hon. John N. Turner (Registrar General): Mr. Speaker, last evening I described at some length the reasons for the creation of a new department of corporate and consumer affairs which would replace the Department of the Registrar General. I talked about the organization of the department and explained the reasons why we regarded it as necessary to have a department concerned with consumer affairs and the reasons it was logical to combine it with responsibility for the ground rules in the corporate field. I was describing the program on consumer affairs when the house rose last evening. For reasons which are easy to understand we did not have a full house at that time. More exciting events were engaging the attention of many members on both sides. For this reason I think it might be worth while if I recapitulated one or two points I made last night.

Let me say a little more about the importance of a new government response to the problems of the consumer. Government measures to protect consumers are as old as history. In ancient Athens there were functionaries who paraded fully armed through the market place to see that there was fair dealing. In mediaeval Europe the welfare of the people was a dominant concern of the rulers and in part this showed itself in rigorous rules governing market behaviour. The old rules against "forestalling, regrating and engrossing" were widespread and were even embodied in the market regulations of some Canadian towns in the early nineteenth century. Simple rules may have been suitable in a predominantly agrarian society but the growth of industry and cities and the complexity of consumer markets demands a more sophisticated approach. A few years ago a housewife could buy a fat hen or a farmer could buy a horse without requiring any guidance or advice from the government. A good buyer could look into a horse's mouth or look a hen in the eye as well as or better than any government inspector.

Today the consumer's view is often blocked by a cardboard or plastic curtain. Many things today come in packages. Many are often appealing examples of the designer's art and it is clear that modern packaging has made great contributions in terms of convenience and cleanliness. Sometimes technology may triumph over conscience and this is why the government must be prepared to

play a role in the market. Generally speaking the role is to ensure better visibility for the consumer. The doctrine of visibility is important in many areas and in the case of consumers it restores the balance in the market to some degree.

Today we look at an economy that is undergoing a series of major changes in all aspects of development. Market practices are being altered; industrial organization is being transformed significantly; there are major changes in technology and communications, and the power of advertising creates new stimulus and demand. All these major changes create new opportunities and new problems for the consumer. The consumer himself has become more sophisticated, better educated and is expecting, indeed demanding, more service and information not only from his suppliers but from governments as well.

In the program I was describing last evening I believe the house will see the first positive steps toward an effective response by the federal government to the real needs of the consumer. When the house rose I was speaking about the fact that under the Canadian constitution no single level of government has jurisdiction over all the matters in which consumers are interested. I also mentioned the fact that there are a good many areas in which federal and provincial authorities have current or separate jurisdiction in closely related fields. In the area of fraud and misleading advertising, for example, provinces frequently have regulations covering used car dealers, collection agencies, racing commissions and so on, while the federal government has certain responsibilities under the Criminal Code and the Combines Investigation Act.

In the realm of food and drugs, most provinces have regulations affecting milk, margarine, farm produce and so forth, and they have jurisdiction over retail trade in both food and drugs, while the federal government through the Department of Agriculture has many responsibilities for food products, and through the food and drug directorate it has jurisdiction in the field of manufacturing and importation of drugs. Both federal and provincial governments are concerned with consumer credit regulations, with packaging and labelling, with research, testing and the setting of standards.

• (3:30 p.m.)

I could give many more examples to illustrate the fact that each level of government undertakes a number of activities affecting consumers. Consequently, the degree of protection afforded any individual Canadian can and does vary significantly from one location to another within the country. The Economic Council concluded, therefore, that it was clear that a satisfactory, over-all approach to this important area of public policy could only be fully developed through effective co-ordination and co-operation among the federal and provincial authorities concerned. We are in full agreement with this conclusion. The need for co-operation is manifest. Therefore I intend to write to each provincial government to solicit their assistance. I intend to send our officials to every provincial capital across the country to find out—

Mr. Nielsen: What about the territories?

Mr. Turner: And to the territories. I will send them to find out what problems are facing the provinces and the territories, which of course fall under federal administration at the present moment.

Mr. Nielsen: It will be a jolt to the territories.

Mr. Turner: I hope as well to be able to visit the provincial capitals and examine jointly with provincial leaders the problems of the consumer and methods of solving them on a broad base. A number of provinces already have substantial consumer programs in operation. They have given leadership and have recently made important advances in the field of consumer affairs. There is a clear need, however, for the greatest possible legislative uniformity right across the country. There is, in addition, clear advantage in a reciprocal exchange of information. I hope that these visits will lead up to and prepare the ground for a federal-provincial conference on consumer affairs.

The Economic Council recommended as well that the department's information program should be supported by a program of research into consumer problems, those which exist now and are likely to arise in the future. The council emphasized that in a society where dynamic technological, economic and social change have become a way of life, new problem areas which cannot be foreseen now will inevitably emerge in the years ahead. This requires, first of all, continuing research into developments of direct, immediate concern to consumers. Second, it requires a flexibility in the development of policy and institutional arrangements as new needs arise. Accordingly, the Economic Council

recommended that the development of suitable research programs and facilities should become one of my responsibilities. This recommendation is to be found on page 21 of the interim report of the Economic Council.

The joint committee of the Senate and House of Commons also recommended that this department conduct research into a number of important matters. We fully intend to discharge the responsibilities thus recommended by the Economic Council and the joint committee. Although some parts of the department, such as the combines branch, already have an important research capability, our research responsibility applies to the whole department and our research thrust will be designed to serve the common, fundamental economic and social objectives of the department. The house will note that clause 6(2) is not confined to consumer affairs but extends research to general application in the department.

Consumer affairs is a broad concept, and it will be neither possible nor desirable to assemble in one department experts who can deal satisfactorily with the entire range of economic, sociological and technical issues in this field. We will have to ask for advice from many sources. Clause 7 of the bill will give the governor in council fairly broad authority to provide for advice and assistance to the minister from outside the government service. In particular, it is the intention of the government to establish an advisory council on consumer affairs.

The Economic Council looked into this matter with some care and reviewed the experience of the consumer council in Great Britain and the consumer advisory council in the United States. The Economic Council of Canada recommended that an advisory council be created, and the government's intention is based on this proposal.

The recommendations of the Economic Council concerning the nature of the council have not, however, been adopted unchanged. We intend to appoint a part time rather than a full time chairman, but the chairman and all the other members will be from outside the government service. Furthermore, because of the difficulty of acquiring qualified personnel at the same time for both the department and the advisory council, the secretariat of the council will be provided from departmental resources.

I have no closed mind about the future development of the advisory council but I do not think an elaborate initial structure for the council should be built up before our own organization is in place. Moreover, if I am right in believing that the joint committee of the House of Commons and the Senate will again be sitting to study the general area of consumer affairs, that committee will be in a position to undertake some of the investigation of problem areas that the Economic Council appeared to have in mind for the advisory council.

It is our intention, nevertheless, that the consumer advisory council shall have an independent and important role to play. It will meet at whatever time it considers necessary. It will decide what topics to deal with. I would naturally expect to be able to ask it for assistance in dealing with specific problems. The advisory council on consumer affairs must be broadly representative of many points of view. I want, therefore, to dwell for a moment on the composition of the council. Its members are not to be appointed as representatives of special interest groups. Their selection will depend, rather, on their personal characteristics, which would include some knowledge of issues affecting consumers. Inevitably, of course, some of the council members will be associated with legitimate economic interest groups of one kind or another, but it is hoped that their views will reflect their individual convictions as well as their representational convictions.

The appointments will be for limited terms and there will be no fixed representation geographically or otherwise. I should add, Mr. Speaker, that this consumer advisory council will replace the present consumer advisory council to the food and drug directorate. We fully expect that the council will provide a balanced and well informed view of problems affecting consumers in this country.

I have tried to give the house an outline of the development of the consumer program and this will have made clear the essence of our plans. We are involved in what I think is a challenging responsibility which I have to discharge in co-operation with the provincial authorities, because I am sure we all consider ourselves as advocates of legitimate consumer interests. We are involved in the challenging responsibility of designing a blueprint for the Canadian consumer, setting goals and designing a structure to meet the needs and concerns of the modern Canadian market. Our goals are simple, and I wish to summarize them.

We wish to ensure, first, that the Canadian as a consumer is afforded full protection

against fraud, deception and unfair trade practices; second, that he is offered the maximum standards of quality, safety and protection in the services and goods he buys; third, that he is provided with full and accurate information on which to base his purchases; fourth, that he is given strong and active representation in the councils of government; fifth, that he becomes involved in debate and discussion on those decisions affecting his vital consumer interests; sixth, that he is able to make maximum use of the amazing storehouse of riches in the Canadian market. To do this we are trying to build a department that will, first, make use of the best of modern organizational and program methods to get the best value for the dollar spent in government service.

Mr. Woolliams: Mr. Speaker, would the minister permit a question?

Mr. Turner: I should like to finish my remarks, Mr. Speaker. Second, the department will analyse and co-ordinate federal activity; third, the department will ensure effective enforcement of existing legislation and where necessary initiate new legislation; fourth, the department will function in co-operation with the provinces, business and consumer groups; fifth, it will undertake research into the intricate and complex problems of our market; sixth, it will distribute the best information available on matters of consumer concern; seventh, it will receive and respond to consumer inquiries and complaints, pass them along to the appropriate federal department or channel them into the provincial jurisdictions if the provincial department has this jurisdiction. Finally, the department will act within the government to influence the creation of favourable legislation on behalf of the consumer.

• (3:40 p.m.)

As is the case with all blueprints, ours will be subject to change and alteration. We will suffer from growing pains and we will be faced with many limitations, but make no mistake, sir, I intend this blueprint to become a reality and to see that the consumers of this country are given the service and attention they deserve.

I want to deal briefly with the corporate side, but perhaps I can now entertain a question from my friend, the hon. member for Bow River.

Mr. Woolliams: My question to the minister is as follows: Although his objectives may be quite commendable, does he believe seriously, as a minister and as a good lawyer, that this new council and the new department will have the ability to control and even freeze prices in view of the fact that the high cost of living is a problem facing every Canadian today?

Mr. Turner: I might say, Mr. Speaker, that my views on that subject were expressed fully at the resolution stage and last evening. However, I think the hon. member is aware of the constitutional limitations facing us directly within the price area. We do have some influence over the competitive factors affecting prices within the combines legislation and we do have the influence of public opinion, but the direct constitutional authority for price regulation in peacetime lies with the provinces.

I now turn to the subject of corporations and corporate securities and I do that because clause 5(b) of the bill deals with them and they constitute a very important part of this department. As I mentioned in my opening remarks, the subject of corporate securities is also new in this bill.

The operations of the capital market in Canada make a vital contribution to our economic growth. The efficiency and reputation of our securities markets are a major national interest. We are now studying the present structure of securities regulation in Canada and are examining the gaps as well as imperfections that exist. We are considering what federal legislation may be needed in this field.

The house may know that we are also studying an interesting proposition put forward by Mr. Langford, chairman of the Ontario Securities Commission, for a joint federal-provincial regulatory agency in the field of securities regulation. We will have to decide what kind of agency will serve best to administer any federal legislation without undue duplication, delay or expense.

When I spoke during the federal-provincial conference on securities matters last April, I envisaged that the federal initiative would lie in four areas. First, the federal government should encourage the provinces to adopt uniform legislation across the country and do everything it can to bring about uniformity. Second, we should establish a central depository of information on security matters, and this we have undertaken to do. Third, the R.C.M.P. would establish a fraud investigation squad, and their services in this field would be available to all provincial securities

commissions. Fourth, we should contemplate the establishment of a federal presence in relation to international and interprovincial trading in securities. My own view is that a federal presence in some form is necessary in the national interest. The co-operation of the provinces is essential and we will be proceeding in close consultation with the provincial governments.

I also wish to say something about the work that is in progress to prepare amendments to the Canada Corporations Act. Basic revisions in the act are needed to bring it up to the most modern standards in terms of the responsibility of corporate management to the public and the protection of the rights of individual shareholders.

For this purpose we appointed Dr. R. V. Dickerson, a distinguished lawyer and accountant, to call together a task force of academic experts and practising lawyers to prepare recommendations for the amendment of the act. We intend that the new amendments to the act will enable it to be applied in concert with, rather than in isolation from, the general economic policies of the government. Dr. Dickerson and his colleagues have been hard at work for the past few months preparing their recommendations. Problems of insider trading, minority shareholder rights, the form of incorporation, proxy solicitation, and the duties of directors and auditors are all being considered. As the recommendations are prepared they are being reviewed by an interdepartmental committee of government officials so that they will be consistent with the policy objectives of all the competent departments. The recommendations will also benefit from the expertise of such departments. When the interdepartmental committee has completed its work, a panel of practising lawyers from across Canada will then review the recommendations. A similar group of practising accountants will also be asked to review the recommendations. A group of leading business executives will also be called upon to give their views on all the suggested amendments. When all these ideas have been collated a bill will be prepared for submission to parliament.

I was disturbed to see one press comment to the effect that the government was not proceeding in this matter with a sufficient sense of urgency and that the revision of the act was still at least a year away. This is not the case. We intend to have this bill ready for introduction in parliament early in the spring.

[Mr. Turner.]

[*Translation*]

Finally, I want to make a brief comment on another division of the department, to which I referred incidentally. Naturally, the Combines Investigation Act is intended to maintain competitive markets, in order to ensure the efficiency of operations and a better distribution of the resources in the private sector of the economy. Of course, it is essential that our combines policy be closely related to our general economic programs, including those concerning tariffs and those which will probably be proposed following the study now undertaken by the government on the structure of Canadian industry. As the house may see, the Economic Council has undertaken a comprehensive study of our legislation and our program with regard to combines, which might lead to suggestions concerning new legislation.

Mr. Speaker, I think I should mention one or two sectors where there are problems. One of those problems is the fact that most services are now exempt from anticombines legislation. Moreover, I am sure the council will examine the part played by amalgamations in Canadian industry. It will want to see to what extent amalgamation is necessary to ensure efficient operations and to develop a spirit of competition in a particular concern. It will undoubtedly study the sort of criteria and discretionary powers which would be best for the enforcement legislation concerning amalgamations.

More generally, the council will doubtless want to find out to what extent there could be more flexibility in some sectors of the program on combines, provided civil procedures rather than penal legislation could be depended upon. This involves complex legal matters that include constitutional problems.

[*English*]

While we are waiting for the studies and recommendations of the Economic Council we will continue to make the enforcement of the present act as effective as possible. The Attorney General has now adopted the practice of instructing legal counsel for the crown to recommend severe penalties for offenders under the act when given an opportunity to do so by the court. It is important that the level of fines imposed must not be so low that they become an "acceptable cost of doing business". At the end of the fiscal year the combines branch was conducting 57 formal inquiries into suspected contraventions of the act. In addition, 21 preliminary inquiries of an extensive nature were under way which

had not yet reached a formal stage. The current report of the director is now in the hands of members.

I do not want to speak at much length about bankruptcies because there will be another occasion when my estimates will be considered by the committee of supply. The smooth and efficient working of the economic system can be impaired by economic dislocation and waste resulting from unnecessary or fraudulent bankruptcies. Wasteful bankruptcies have an adverse effect on investor confidence. They bring about a reluctance to take risks and innovate. At the same time they are a source of grave injustice to the creditors. We are keenly aware of the serious nature of this problem. As a result, the bankruptcy branch has been enlarged and modernized over the past year. Administrative practices and supervision have been tightened. Speedier investigation by the department has been undertaken. The work of an advisory committee on bankruptcy is progressing satisfactorily, though a draft bill completely revising the federal legislation in the field of insolvency and bankruptcy will not be ready until late in 1968.

• (3:50 p.m.)

We have set up, as many members know, three regional offices of the bankruptcy branch. They have been established this year in Montreal, Toronto and Vancouver and are staffed by bankruptcy investigators and accountants. These offices should assist the work of the bankruptcy branch with a systematic audit program of trustees. They also investigate alleged cases of irregularities connected with bankruptcies, whether these have taken place before or after the bankruptcy. This is possible, of course, in view of the recent amendment to section 3A of the Bankruptcy Act. The Royal Canadian Mounted Police are co-operating closely with the bankruptcy branch in cases where fraud and other offences of a criminal nature are involved.

We have continued our careful review of trustees operations, and the licences of more than 60 trustees have either not been renewed or have been restricted to the administration of the estates in their hands. No new trustees were appointed between April, 1965 and September, 1967. We now have a new licensing policy for trustees; a release giving details has been sent to all members. From now on candidates for licences will be required to possess qualifications of a high order. They will, in addition, have to submit to a formal examination before a board of examiners. This board will be made up of four members appointed by the superintendent of bankruptcy from the legal and accounting professions and public service.

The patent system can have a profound effect on our development policies, and this is another area under full study by way of a reference to the Economic Council of Canada, as hon. members know. Perhaps it would be best dealt with on another occasion.

Perhaps my remarks about these other branches, Mr. Speaker, are enough to demonstrate the need to have all aspects of the department's work carried out on a consistent basis in line with the general economic policies of the government. This is the rationale, as I attempted to explain last evening to the house, for the regrouping of the agencies which has been achieved by the creation of the new department. To recapitulate, we are concerned with setting certain ground rules for business activity. These are to be tested by the extent to which they encourage maximum efficiency and responsiveness to the needs of the public at large. We are concerned to see that the people have the best information available on which to make valid decisions about what they buy and what they do. In order to give the consumer what protection we can, within the limits of federal government responsibility, we must be able to influence both the demand and supply sides of the market relationship. We have here an opportunity to make the department of corporate and consumer affairs the most advanced of its kind in the western world. No other nation of which I know, sir, has earmarked a cabinet Minister with full responsibility for consumer affairs. We are going to do our best to respond to the challenge of this opportunity.

Mr. Erik Nielsen (Yukon): Mr. Speaker, it is either a feast or a famine. We listened very attentively the other day to the minister at the resolution stage and we have listened to him with great interest yesterday and today for an hour and a half. He has cleared up some of the ambiguities that were present at the resolution stage but he has left a good many others unexplained. It was difficult to discern for a while just what the government was working toward in designing a bill to create a department of corporate and consumer affairs. I believe it is now clear. The government is not creating a new department at all. What the bill is doing is abolishing

—here the minister could have been more frank with us at the resolution stage but perhaps that was unintentional—the Department of the Registrar General. It is as simple as that. The new department retains the duties that are now performed by the Registrar General by virtue of its creation originally under the Government Organization Act. The duties which were given to the Registrar General at that time by that act have been carried over into clause 5 of the bill before us.

Only two functions have been added by the bill before us which are not included in the existing functions of the Registrar General. One is in the area of corporation securities, which is an entirely homogenous function to place under his jurisdiction. The other is consumer affairs referred to in clause 5(a) of the bill. The Economic Council, as was stated at the resolution stage, recommended that all that would be necessary at this stage of the development of government intervention in consumer affairs would be the creation of an interdepartmental committee with a permanent secretariat to serve under the general jurisdiction of the Registrar General. The government has seen fit to fly in the face of that recommendation. I believe the only reason the government has adopted this course of really putting the cart before the horse is to acquire a new name for the up and coming young minister, the present Registrar General. He is spoken of, and I dare say with a great deal of justification, as a serious contender for the leadership of his party. Perhaps this explains another thing.

Normally the Prime Minister (Mr. Pearson) is the one who introduces a bill to set up a new department. Here we have departed from that precedent and we have the young and personable Registrar General introducing a bill to set up a department which he is going to head. This leads me to one of two conclusions. Either the minister has such a degree of importance in his own party that he has been given this honour or the Prime Minister simply does not care enough about consumer affairs to introduce the bill in accordance with precedent. A moment ago the minister spoke of a horse and a hen. He referred to the practice of the prospective purchaser looking in a horse's mouth and testing it in other ways to see whether or not it was sound before buying it. There is no doubt in my mind as to which end of the horse the consumer thinks he is on. Perhaps these observations help to explain this so-called new department and the practice that is being followed by the minister in introducing the bill to establish it.

The objection we have to this bill is that it is weak. How is it going to bring down the cost of a pair of shoes to a breadwinner who has to buy shoes for seven pairs of feet? How is it going to bring down the cost of a pound of hamburger, which has gone sky high as a result of the high-spending policies and conduct of this government? How is it going to achieve these things? How is it going to bring down the cost of a pound of butter, a loaf of bread or a quart of milk? I suggest that clause 6 is the only operative clause in the bill. Many high-flown phrases are used but there is no provision with teeth in it. There is nothing in the bill that will protect consumers against increased prices. There is nothing at all in the bill which would provide for some kind of enforcement against abuses which the new department is going to attempt to cure.

• (4:00 p.m.)

The bill is another example of window dressing on the part of this government, the same kind of window dressing to which the house was subjected when the now Minister of Industry (Mr. Drury) told us during the debate on the setting up of his new department that it was going to spend $25 million or thereabouts whereas this year it is spending over $140 million. Yet hon. members opposite, Mr. Speaker, wonder why we show concern, the same concern shown by the Economic Council, at the proliferation of government departments.

Yesterday I was astounded to hear the minister say, as reported on page 3211 of *Hansard*:

> I have already told the house that the steps we are taking here constitute a reorganization of the existing responsibilities of government. I also said that after deducting the revenues of this department from its expenditures the net cost to the taxpayer this fiscal year will be less than $2 million.

That, as true as it may be, leaves a grossly unfair impression not only with members of the house but with the public at large. The revenues which the minister speaks about are taxes. They are revenues derived from the operation of the Patent Act, the Copyright Act, the Corporations Act and so on.

Mr. Turner: They are charges for services.

Mr. Nielsen: Charges for services, says the minister. I do not think the minister can call

a fee payable on the incorporation of a dominion company a charge for services. It is a direct tax payable to the government.

Mr. Turner: For services rendered.

Mr. Woolliams: It is a pretty expensive certificate.

Mr. Turner: Do you want the department to pay for itself?

Mr. Nielsen: The provinces, the territories and the federal government charge this kind of fee and it is a direct tax. The minister tries to leave the impression that there is only going to be a net cost to the taxpayer of $2 million, but that is not the case at all. The cost to the taxpayer is represented by all of the money that he has already paid as a result of direct taxation or indirect taxation, whatever the minister wants to call it, plus any additional costs which are going to accrue as a result of the expanded operations of the department.

As reported on the same page the minister went on to say:

> I do not expect any appreciable increase in our net expenditures as a result of this legislation, if it is to be adopted by parliament.

The minister gives the house no indication whatever what he anticipates will be the cost of the operation of the advisory council. In fact, clause 7 not only refers to the creation of an advisory council but includes that great omnibus expression "and other bodies".

What are the government's intentions in this connection? How much is this new department going to cost the taxpayer? Whatever it is, it is going to be an additional cost, and that additional cost will be paid by the taxpayer. If the minister can convince anybody in this house, even those on the other side, that food prices, for example, are going to be lowered by reason of the fact that the taxpayer will be putting more money into the coffers of the government, then I would be very grateful to him. As I say, this legislation is another example of nothing more nor less than Simon Pure window dressing. The minister was in difficulty and he had to speak for an hour and a half to try to create the impression that something useful is being done here. However, it was an empty attempt, just as the attempted war on poverty has been a futile exercise in government expenditure.

An hon. Member: That is what you say.

Mr. Nielsen: I did not hear the hon. member. If he wishes to make an interjection let him stand up and do so.

Another example of useless and wasteful expenditure that has produced no result is the Company of Young Canadians. Medicare is yet another example of this window dressing syndrome of the government. We were asked to sign a blank cheque for medicare postdated two years, and what are we getting? The minister will doubtless recall that amendment after amendment was introduced by members on this side of the house, most of which were completely rejected by the government. So the answer put forward by hon. members opposite that we voted for the pension plan and that we voted for medicare does not hold water because the government was faced with constructive suggestions by way of amendment and discarded them like so much chaff.

Mr. Basford: You voted for it on third reading.

Mr. Nielsen: Yes, and let me say right now that we will vote for this bill. But we are going to put forward suggestions and criticisms. We are going to make those criticisms because the government has flown in the face of the recommendations of the Economic Council. The taxpayers of this country have paid several thousand dollars to provide the government with advice that has been rejected.

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

Mr. Régimbal: Make your own speech afterwards.

Mr. Basford: The hon. member has criticized members on this side for not following the recommendations of the Economic Council. He has also criticized as being expensive the creation of a consumer advisory council. Is he not aware that this was recommended by the Economic Council?

Mr. Nielsen: I know the hon. member was here during the resolution stage at the time I read into the record the recommendations of the Economic Council. However, I forgot to read one that I intend to read today before I am through.

The Economic Council resisted the creation of a new department. The minister shakes his head, Mr. Speaker, so I suppose that this is a good time to put it on the record. If the minister says that what I say is not true, then

I point out that at page 20 of the Economic Council's interim report this statement appears:

> In view of the wide scope of consumer interests and the many departments which are engaged in activities affecting consumers, there is no possibility of concentrating all these activities in a single department, nor would it be desirable to try to do so.

I put that reference on the record during the debate on the resolution, but there is another quotation on page 28 that I overlooked which reads as follows:

> It is clear that the range of consumer interests is so wide and so diverse that it is not possible for a single department of government, or indeed even a single level of government, to deal effectively with all of them.

Mr. Turner: Mr. Speaker, may I ask the hon. member a question at this point? I have already dwelt at the resolution stage on the difference between co-ordination, initiation and centralization of administration. I wonder whether the hon. member has had an opportunity to look at page 25 of the report of the Economic Council, where this statement appears:

> We therefore recommend that legislation be drafted to provide for an administrative unit in the Department of the Registrar General whose chief concern will be the efficient administration of these provisions.

It is the drafting of this administrative unit that we are talking about.

Mr. Nielsen: But surely, Mr. Speaker, the recommendation of the Economic Council that a permanent secretariat be set up is the administrative unit to which the report refers. Certainly it is not a new department.

In addition to these recommendations and observations of the council there are references in the fourth annual report which express grave fears about the "Parkinsonian growth of the bureaucracy". We have before us a bill embodying a new department whose functions are already being carried on fairly successfully by other departments. There is no doubt in my mind, sir, and I am sure in the minds of most members, that co-ordination is necessary. But we do not need this vast structure that the government is attempting to create to achieve the co-ordination envisaged by the Economic Council.

Mr. Nasserden: Another empire.

• (4:10 p.m.)

Mr. Nielsen: The hon. member says it is another empire. I like to think of it in terms of another case of a cuckoo in the nest, like the Department of Industry which began with a modest budget of $25 million, that now runs to more than $140 million. We are being asked to accept another little bird in the nest, another little bird which soon will grow into a great, swelling monster that will shove around and dwarf all others in the nest.

An hon. Member: An albatross.

Mr. Nielsen: That is what will happen.

Mr. MacEwan: It will be a cross between a chicken and a horse.

Mr. Nielsen: I think this new department is for the birds. Its purpose of protecting consumers is laudable in principle; no one can argue with that. Goodness knows, after four years of this kind of government the consumer needs protecting. This government is the highest spending in the country's history. Under it we have seen the highest cost of living in the country's history and the highest taxes in the country's history.

Mr. Woolliams: And the highest level of propaganda.

Mr. Nielsen: This is a highfalutin' government living high off the hog. The only reason for creating another department at this time in this field is to provide protection for consumers against inordinately high prices. That is what we are concerned about, the protection of the consumer, not the creation of more soft leather seats for bureaucrats.

This bill does not provide the consumer with that protection. The minister cannot point to any clause in the bill which gives him the power that he has under the Combines Investigation Act, for instance. The provisions of this bill give the minister no enforcement powers.

Mr. Woolliams: Existing law covers much that the bill ought to cover.

Mr. Nielsen: No power is given to the minister to deal with high prices or to prevent the manipulation of food and other consumer prices. No power is given to the minister to prevent the exploitation of wage earners by profit-hungry corporations. Let us face the fact. Food prices are going up and will continue to go up. What will the government do about this? What provision of this bill will prevent food prices from rising? What provision in this bill will empower the minister to prevent food prices from rising?

The economy of the United States is still on the upswing and the editor of a leading market journal stated the other day that food prices in that country were about to increase once more. It is true, as the Minister of Finance (Mr. Sharp) said the other day, that food prices in this country have dropped slightly, but that was the only factor in the consumer price index that showed a drop. That drop, I submit, was not caused by government action but by hundreds of housewives and little old ladies running around with placards and bringing pressure to bear on the food distributors. The fact that food prices went down is an indication of the extent to which those prices can now be controlled by the dozen or so marketing organizations which control the major volume of food distributed in this country. If there is any doubt about that let me draw the attention of the house to the recent analysis in the *Financial Times* of October 16, with respect to Steinberg's. The sales of that company in 1959 amounted to $178 million but in 1968 they will amount to $490 million. This story may be duplicated for other companies, including Loeb's which controls Allied and I.G.A., the gigantic Weston interests which control Loblaws and a number of other food chains.

The independent grocer, the fellow in the corner store, has been eliminated. He does not count in this network of corporations controlled by giants. His interests and hands are tied. A few major chains are now in a position to exercise monopoly control in the hunt for profits. The hunt for profits is always a legitimate exercise of corporate enterprise, but a hunt for exorbitant and inordinately high profits is not. I am sure the minister is aware of this and I expect that the government wishes to come to grips with this problem.

This bill will not do that. This government, I suggest, is aiding and abetting the monopolies by creating a featureless facade such as this department. I do not refer to the minister when I speak of a featureless façade. If I may coin a word, the minister is only too featurable. How much more glamourous is the title "minister of corporate and consumer affairs". After all, who is the Registrar General? Yet the minister speaks of misleading advertising.

Some hon. Members: Oh, oh.

Mr. Nielsen: One has only to look at the name of the new department and one has the feeling that we are on the brink of action—in capital letters with exclamation marks—and are about to come to real grips with the problem of the high cost of food and other consumer products. Where in the bill is there any indication that there is to be this kind of action? No action is being taken by the government.

The Minister of Finance sits pat in the face of the increasing demands of his colleagues. Another demand is now being made. The titans of monopoly will laugh at the Minister of Finance and at the friendly persuasion he will try to employ. He has asked us to believe that friendly persuasion will work. There are to be no guide lines. Everybody else has spoken of guide lines and we were left with the impression that guide lines were to be tried, but there are to be none. The government is going to try to persuade everybody in a friendly fashion to toe the line. That is all the minister can do under this bill. He can cajole, threaten and persuade, but he cannot enforce. The legislation has no teeth.

Hearing the minister speak about the enforcement provisions of the Canada Corporations Act and the Bankruptcy Act left me a little cynical, to say the least, as I know that in both pieces of legislation certain sections are not being enforced.

Mr. Woolliams: A lot of bull was spoken.

Mr. Nielsen: Certain sections have not been enforced. Despite representations by dozens and dozens of creditors, no action is being taken with respect to the enforcement provisions of the Bankruptcy Act. Under those provisions of the act the creditors are consumers. If that is the kind of action the minister contemplates taking under this bill, then I am afraid the consumer will not benefit much. The consumer will not see much action.

Had the bill been drafted by the operators of the big chain stores and the marketing organizations it could not have suited them better. It promises almost everything but does nothing.

Referring again to the *Financial Times*, it is interesting to note that the profits of the Steinberg corporation were reduced this year because of the expenses incurred in eliminating trading stamps, starting new Miracle Mart stores, and because of consumer boycotts. The prices that went down after the consumer boycott are now going up. What is the government going to do about this? What will this government do once this bill becomes law? Will it encourage boycotts?

Corporate and Consumer Affairs

• (4:20 p.m.)

Mr. Turner: May I ask the hon. member a question? I always listen to him with great interest and I was listening to him last Friday during the resolution stage when he said in essence that he and his hon. friends believed the government was not following a prudent course in setting up a new department to deal with the growing and continuing problems affecting the consumers of this country. Today he is suggesting that the department is one without any power. What has made the hon. member such a tiger over the week end?

Mr. Nielsen: There is nothing inconsistent between what I said last Friday and what I say today. We still say the government is following the wrong course in setting up a whole new departmental structure to handle consumer affairs. I might also say that since last Friday we have seen the bill. I would have expected the bill to contain some kind of provision giving the minister power to do something about consumer prices. Where is it? Let the minister tell us where there is power to do anything about consumer prices. Let him refer to the bill and tell us where it is.

Mr. Turner: Would the hon. member tell me where the federal power is?

Mr. Nielsen: Well, if there is no power in the bill to control consumer prices, what on earth is the point of the exercise?

Some hon. Members: Hear, hear.

Mr. Woolliams: Ridiculous nonsense.

Mr. Nielsen: With respect to food costs the decrease which was brought about by consumer picketing was fractional while the increase which has been going on steadily for five years is substantial. The cost of living index has risen more in the four years during which this government has been in office than at any comparable time in Canada's history. That is some record for a government. I never get violently partisan but I cannot refrain from referring to the kind of statements which were made by people like the minister, his colleagues sitting behind him and the Minister of Industry, while a Conservative administration was in power. I can remember them flaying us alive for not balancing the budget, for being a high-spending government. The Prime Minister referred to us as "spending money like drunken sailors". On the treasury benches now are the people who advertised themselves as belonging to a party which had all the answers. Remember the pamphlets? They had all the answers. Well, where is the answer to the high cost of food? Where is it in the bill? Talk about hens! These chickens are certainly coming home to roost!

Mr. Turner: The hon. member laid an egg with that.

Mr. Nielsen: I think the government laid an egg when it produced this bill, and it does not smell nice. I am convinced personally that the increase in food prices is being brought about not in accordance with supply and demand but as a result of monopoly or near monopoly. The general tendency has been for a steady and continuing rise in prices at the consumer level. The packers have not received all the gravy because the wholesale price level has remained remarkably stable in the last five years. The farmers and those who produce garden crops are seeing their prices go down. Yet these goods are costing more and more in the stores. If the producers are not raking off inordinately high profits, where are those profits being made? The farmer is not benefiting from the meteoric rise in prices; otherwise he would not be here with his friends battering on the doors of parliament to try to get in and speak to hon. members about these things.

There is no sense in mincing words. I wish to speak bluntly and, without offence to the minister, I do not intend to take an hour and a half in which to do so. The uncontrolled and undeniable rise in prices is not in response to the law of supply and demand but rather in answer to decisions made in board rooms.

Where is the provision in this bill which will get the minister and the government inside those board rooms, even if this were desirable? How does the government propose to protect consumers against inordinately high prices? This measure is an empty shell. The fact that prices can be brought down when housewives and other ladies across this country picket and boycott stores is ample witness to the truth of the statement I have just made. Certain board room decisions were taken as a result of which prices went down. But when the pressure was off, up they went again.

Here is a little more information from the *Financial Times* concerning the Steinberg operation. In 1959 the net income of that operation amounted to 56 cents a share. In 1966, seven years later, the net income was

$1.11 a share, or just double. The net income in 1967 is estimated at between 90 and 95 cents a share. The drop is explained by the facts I have already put on record. The *Times* goes on to say that a sharp upturn in profits is expected in 1968. All indications are that prices, particularly in the food line, will continue to rise. In the event they do not there is no problem. If prices do not rise, and if the same applies in the case of other consumer products, there is no need for this bill. But if they do rise, as I am sure all of us, including the government, anticipate they will, what is the minister going to do about it? Not a sausage, I suggest.

The government's answer to constantly rising prices is likely to be the appointment of still more committees. As we know, whenever an undesirable situation arises, whether in Sydney in connection with industry or out west in connection with wheat, the ministers huddle around the cabinet table and ask themselves: How can we get out of this? The answer comes immediately: Let's have a study; if we begin a study the whole thing can be pigeonholed for months and maybe by the time it is completed the problem will have gone away. Or they may say: We will not adopt this intellectual approach because everyone may not understand it; instead we shall be bold, aggressive and imaginative; we shall set up a task force. By George, there are so many task forces marching around this country today that the Minister of National Defence will have to unify them shortly.

Some hon. Members: Hear, hear.

Mr. Nielsen: The fact is we have now reached the point at which low income families are being priced right out of prosperity. It is a great thing for the government to talk about the expanding economy and the rising standard of living in this country, but try and put those on the table before a family of six or seven or more. Prosperity should not be something for the rich alone. Prosperity is the rightful heritage of all Canadians, particularly in the economic atmosphere in which we find ourselves now.

• (4:30 p.m.)

This government has a record of protecting the big shots at the expense of those who are defenceless. The parliamentary secretary shakes his head. What protection did the consumers, the creditors—the name is interchangeable in these situations—of Prudential Finance get? In my view the minister should take steps to see that teeth are put into this bill and, once they are in it, to see they are clamped shut when the need arises and take a chunk out of some of these particular kind of birds that are offensive to the small consumer, to the medium and low income families. If teeth were put into a bill of this nature gigantic corporations would not be permitted to squeeze the families of wage earners in order to make huge profits.

I do not know whether this is a laughing matter but I am serious when I suggest it is not conscionable for a huge corporation, by distributing food stuffs, to make a net profit on each of its shares of $1.11 by doubling its profits in seven years. There is only one fellow paying that shot and that is the guy who cannot put enough food on his table to feed his family. In justification some people say that these profits are not above 2 per cent. I think I have heard that said in this house. But take 2 per cent on $500 million—this is just one company, not the largest —and that means a profit of $1 million. That is not to be sneezed at. The point is that the profit is being taken from the pockets of those who just cannot afford it. In many cases it represents an unjustifiable rake-off by those in a position to control the market and prices, with no visible return to the farmer and the householder.

That is why there should be teeth in this bill and that is why the minister should have the necessary powers at his disposal in case of need. If the powers are there and if the minister shows he is willing to use them, then they will not be needed. But if they are not there then the offenders are just going to laugh at his efforts, his friendly cajoling.

The most important single concern at this moment when we are considering this bill is the rising cost of consumer goods, the cost of a pair of shoes, the cost of everything put on the table which is necessary for the sustenance of life, and likewise the cost of what goes on the backs of the breadwinners and their children. These costs have been rising for months and months. The government sits and does nothing and costs continue to rise.

Yet this is the area into which this so-called new department, with all its glowing objectives described in such colourful terms and at such length by the minister, cannot enter. He cannot enter the very area where the need cries out for him to enter. Under this legislation the department can do nothing about prices. Indeed, sir, the word prices is not even mentioned in the bill. Despite all the highfalutin' phrases that have been used

by the minister I say this bill is a betrayal of the Canadian consumer. It gives him no assurance of protection from the monopoly situation, none whatsoever.

The minister asked me to point out the constitutional authority. That is what he is going to do when this bill becomes law. He will ask, "What constitutional authority have I to act"? That is what he is going to say when prices go up and up and up. He will say, "I cannot do a thing. I have no power. There are no teeth in the bill and if I do something it will be construed as unconstitutional because I will be invading a field that constitutionally belongs to the provinces. However, I have got a beautiful bill. The title sounds real glamorous". That is the beginning and end of it. A beautiful bill all tied up with ribbons.

As recorded on page 3211 of yesterday's *Hansard* the minister said:

—I believe we are following implicitly the recommendations contained in the interim report of the Economic Council,—

Then this queer phrase followed as part of the same sentence in which he said he believed implicitly he was following the recommendations of the Economic Council:

—in some cases less and in some cases more.

He is implicitly less and implicitly more. The fact is that the minister has put the cart before the horse. If it was not for the desire of the government to create this glamourous facade with which to cloak the young and personable minister, to picture him as a kind of white knight riding with lance levelled to the aid of the consumers, all that was really and honestly required was to put clause 6 of this bill in the existing Government Organization Act which created the minister's department. That is all.

Mr. Hees: It is a rubber lance.

Mr. Nielsen: Yes, his lance is a rubber lance.

Mr. Turner: Remember the night of the rubber knives, George?

Mr. Nielsen: In brief, Mr. Speaker, we on this side of the house want the Canadian consumers to know whether the price increases from which they are suffering such hardship are justified, and if they are not justified we on this side of the house believe that the consumers are entitled to have something done about them. There is nothing in this bill to satisfy either of those criteria.

[Mr. Nielsen.]

It is all very well for the minister to raise constitutional issues and say it is not proper for him to enter these fields. I would remind him that parliament is not a body without power. Under clause 6(2) there is provision for co-operation with the provinces on research. What is wrong with making a similar provision with respect to the increasing costs of consumer goods? We want the facts on these matters and if a serious abuse of privileges exists, as a result of which the Canadian consumer is being squeezed by monopoly groups, and if the farmer is being left out in the cold by the same groups controlling the distribution of essential food stuffs, we want to know and we want the government to bring remedies before us for consideration and passage, remedies upon which parliament can act. If these things are not so, we want to know that too. We are asking the minister, as we have asked the government so many times in the past, even as recently as the budget debate, to take responsibility. Instead of creating another study or another task force, or another council or another body, why does the government not take responsibility?

• (4:40 p.m.)

We received today and last evening a tremendous public relations edifice from the minister filled with beautiful phrases, laudable targets and, indeed, golden objectives, but completely lacking in any means to bring these things about. If I am wrong I am sure everyone will be pleased to hear the minister rise in his place to indicate how we are going to control food prices. I should like to hear him say how he intends to bring prices down and how he is going to prevent unconscionable profits. How is the Canadian consumer going to be protected against inordinately high food prices? Apparently the minister cannot tell us this.

To borrow a phrase from political history, if I dare, the minister has produced a solid gold Cadillac which has no gas. He has his foot down to the floor on the accelerator with the back wheels jacked up and he is going nowhere. He has even got a horse but his horse is going in the wrong direction. He is expecting the cart to be pushed by the horse instead of pulled. All we are asking the minister to do is to gas up this vehicle and get it rolling. We are asking him to do something about high prices. The situation is much too serious for meaningless phrases and empty public relations facades such as this bill represents. The consumer needs protection but this bill is not going to provide that protection.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, members of the New Democratic party approach this bill to set up a department of corporate and consumer affairs with mixed feelings. We had hoped for such a department but an examination of the bill shows it does not fulfil our hopes. The great Dr. Johnson once said that a widower who remarries represents the triumph of hope over experience. Certainly we should have been warned that when the Liberal government talked about legislation to protect the consumer the experience would certainly not warrant the high hopes we held.

For five years members of this party have been asking for the establishment of a department of consumer affairs because we believe that in a monopoly dominated society the only protection the consumer can hope to have is that provided by the intervention of government. We feel we have some consolation in the knowledge that our repeated demands over the years for a department of consumer affairs helped to create some public demand for such a body. Certainly the outcry of the consumers of Canada, particularly of the housewives, about two years ago was for a department of consumers affairs, and for some government machinery that could grapple with the steadily rising cost of living.

This government did what it always does. In this case it referred the matter to a parliamentary committee. Having given itself a little time in this way for the storm to abate it now brings down legislation, but this legislation only gives the pretence of doing something when in reality it will do virtually nothing that has not been done before.

The problem of the consumer is probably one of the foremost problems facing Canada today. The *Globe and Mail* of June 1, 1967 carried an article on a speech made by Sidney Margolius of Port Washington, New York. He is one of the outstanding writers on consumer affairs on this continent. He is quoted in this article as having said:

> Consumer exploitation has replaced labour exploitation as the real problem of our times.

Later on in the article he is reported as having said:

> Big banks and food, drug and auto corporations are just as guilty of consumer exploitation as smaller high pressure companies—

As the minister pointed out in his address last night, the consumers of this country spend some $37 billion a year. If there could be even a 3 per cent or 4 per cent saving for the consumer this would greatly increase the purchasing power of the people and would certainly raise the living standards of many people across Canada. I am sure those of us who have been advocating the setting up of a department of consumer affairs and the general public who have looked forward with great hopes to this legislation are bitterly disappointed. There is virtually nothing in this bill which gives the consumer any hope that the government is going to grapple effectively with consumer problems. The government is doing what the government has done about every major issue it has faced. It is burying its head in the sand like an ostrich with the hope that the problem will go away.

I was really sorry for the minister during his speech last night and today in that he was trying valiantly to make something worth while out of this legislation. It is certainly true in this case, as it has been in most other cases, that the longer the speech the less the bill contains. This was an attempt to blow up a balloon which looked colourful and enticing but was really full of hot air. The only justification for voting for this bill is that at least it will set up a department to which parliament will some day give the necessary power and teeth to really become a protector of consumer interests in this country.

I should like to make two points. The first is that the measures which are provided in this legislation for the protection of the consumer are not at all new. The government is merely gathering together various acts designed to protect the consumer against products which are injurious to health, against false weights and measures, against misleading advertising and packaging and to provide combines legislation which is supposed to protect the public against market manipulation. However, this is merely a gathering together of existing legislation. Will this be any more effective now because it is all under one minister than before when this legislation was under several ministers? Will this legislation have any more teeth now than it had before?

• (4:50 p.m.)

Mr. Woolliams: It is a gathering system.

Mr. Douglas: The minister said this afternoon that this is a new approach by the government to consumer protection. What is new about it? What new protection will the consumer have now when this legislation, most of it useless and ineffective, is collected under one minister? What more protection will it give than was the case when it was

scattered under half a dozen ministers? I refer to the minister's statement of last night as reported on page 3208 of *Hansard* when he said:

> The combines branch has a duty to protect consumers and producers, particularly the small businessman, against the unfair use of market power.

Where is the legislation here that will give these people that protection? Is it to be found in the combines act? That act has not given such protection in the past. Is there any reason to think it will give it now?

Mr. Woolliams: It takes ten years to get a combines case to court.

Mr. Douglas: What changes will there be in the combines act that will do what the minister says, namely, protect consumers and producers, particularly the small businessman, against the unfair use of market power? If the minister takes the trouble to go to his office he will find it littered with reports of the Restrictive Trade Practices Commission containing complaints about the manipulation of prices and the control of the markets in baking, flour milling, car batteries, tires, sugar and a score of other items. Nothing has ever been done. Where in the few instances the complaints of the Restrictive Trade Practices Commission have been acted upon, the paltry fines which have been levied against the offenders have constituted a farce.

In 1963, for instance, the three largest sugar companies were charged with and found guilty of making an illegal profit on some 80,000 tons of sugar. They were each fined $25,000, a total of $75,000 for making an illegal profit on 80,000 tons of sugar. This represents less than a dollar a ton, less than one-twentieth of a cent per pound. As I said at the time, it was not a fine; it was simply a licence fee to commit piracy on Canadian housewives.

What is there in this legislation that will be any more effective in protecting Canadian producers, consumers or small businessmen against the unfair use of market power? What is there in this legislation that will protect the consuming public against predatory pricing? Predatory pricing has been going on for a long time. If the combines act can prevent the fleecing of the public, why has it not been used? If it will not protect the public, why should the government now go through the farce of saying that the public will be protected by putting the combines act under a new minister? Or are we to assume that this minister will be more diligent in the discharge of his duty than were previous ministers? If that is the implication, it is a serious reflection upon previous ministers.

This bill will, of course, co-ordinate the activities of those administering the legislation protecting the public against products which are injurious to health and against misleading advertising and packaging. That is fine, but what is new? The same powers are involved. It is the same legislation. It is a different minister with a new label, that is all. If the housewife has been complaining, as she has for years, about misleading advertising, misrepresentation and the lack of any unified system of packaging, what reason is there to think that she will be any better protected now under the same legislation that failed to protect her in the past? No wonder the minister said, as reported at page 3211 of *Hansard*:

> —we contemplate no substantial increase in government expenditure.

Well he might not anticipate any increased expenditure, because this department will not do any more than was done before. There will be some advantage in bringing these various pieces of legislation under a single minister and attempting to co-ordinate their administration. With a ministerial interdepartmental committee we might have a little better administration of these acts. But in so far as setting up a department to cope effectively with consumer problems, this legislation is a snare, a delusion and a farce. We are now facing the kind of thing for which this government has become notorious. After evading a problem for two or three years it finally brings in legislation which provides a facade behind which it can continue to do nothing.

The second and most important point I want to make about this bill is that what it does not contain is much more important than what it does contain. The outcry of the housewives of this country which resulted in the setting up of a parliamentary committee on consumer credit and prices was not directed mainly against misleading advertising, packaging or the lack of uniformity of weights and measures. The outcry of the Canadian housewives was against the steadily increasing cost of living. They were protesting against the rise in the price of the essential things they needed, food, clothing and shelter. The increase in the price of these necessities has of course continued. It has continued at an accelerated rate even since the housewives made their protest two years ago.

The cost of living index went up from 145.1 in September of 1966 to 150.7 in September of 1967. This is an increase of 5.6 percentage points in a period of 12 months.

The Acting Speaker (Mr. Tardif): Order. It being five o'clock p.m. the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

UNEMPLOYMENT INSURANCE

SUGGESTED NON-PAYMENT BY PERSONS WORKING BEYOND NORMAL RETIREMENT AGE

Mr. S. J. Enns (Portage-Neepawa) moved:

That, in the opinion of this house, the government should give consideration to amending the Unemployment Insurance Act, to the effect that persons wishing to continue employment beyond their normal retirement age be not required to pay any unemployment insurance.

He said: Mr. Speaker, ever since the government took office in 1963 we have heard promises that the much needed revisions to the Unemployment Insurance Act would be brought about. In fact, there was a reference to this effect in the speech from the throne in 1963, again in 1964, and traces of it again in 1965 and 1966. Had these revisions taken place this motion would, of course, not have been necessary at all.

• (5:00 p.m.)

The Gill commission report has been available to the government as background advice ever since November, 1962 when it was tabled. It certainly found plenty wrong with the system. However, to date the government has done nothing at all to effect some of the most useful of the 45 listed recommendations and changes contained in the report of the commission.

Throughout the past year the minister has been travelling about the country promising further revisions and talking about higher benefits and expanded coverage. As early as February 8, 1967 the *Globe and Mail* reported: "Time Ripe For Increasing Benefits To Unemployed, Nicholson Says". I have a host of newspaper clippings but I will only refer to a few. In a clipping from the Fredericton *Gleaner* of May 20, 1966 we read the heading: "Now Is The Time". Another heading on a clipping from the *Globe and Mail* of August 22, 1967 reads: "Higher Jobless Benefits Delayed Until Early '68". In the light of such procrastination and lack of action it seems there is nothing else for members on this side of the house to do but to put forward their own motions to effect earlier changes, because certainly a revision of the act in more ways than my motion intends to effect is long overdue.

We are told that an interdepartmental committee is studying needed amendments. We would be very interested to see the proposed amendments that the committee intends to put forward. In fact there have really been no proper amendments to this act since 1959 at which time it was established that persons earning up to $5,160 a year would be covered by the Unemployment Insurance Act and anyone earning over that figure would be excluded. It is clear to all of us in this house that wages have risen during the last eight year period, and in fact many people in the labour force have been excluded from the benefit group because of increasing salaries, not that salaries are increasing too much but because this limit is unrealistic. Therefore needed changes not only to raise the limit but to increase the benefits are long overdue.

There is some concern on the part of many Canadians about the manner in which increased benefits will result and also about the classes which will be included in the much talked of expanded coverage. I know that there is a rough justice in the basic principle that everyone pays, everyone benefits. So far as hospital insurance and various forms of medical insurance are concerned, we do operate on the principle that everyone pays, everyone collects. However, I think it is a very rough measure of justice if this principle is applied to unemployment insurance.

If we are to include almost two and a half million additional workers from professional groups such as civil servants, high executives in business and industry, bank presidents and perhaps even prime ministers and politicians, then it certainly seems that we will be including persons who will stand little chance of ever collecting from the unemployment insurance fund. I would make the statement that such professional groups as teachers, social workers and nurses are almost guaranteed continuous employment and therefore would never really be able to claim benefits under the act. Therefore I caution the government against expanding coverage to include those classes. I think that any group of persons or any individual earning a substantial salary would not sit back and be content with the rather meagre benefits possible under the insurance plan. So, as I said,

the government should be careful in planning any expansion to include professional groups.

In effect what would happen is that the professionals would be taxed exclusively while the government would be able to maintain the appearance of not having raised taxes and still keeping the fund in a strongly solvent position. If that is all the government intends to do to ensure the solvency of the unemployment insurance fund, I believe it will lay itself open to severe censure. In fact, it seems to me this is a back-door approach to the minimum guaranteed annual income scheme, another question altogether which I do not have time to discuss now.

I submit there is a great need to restore the unemployment insurance fund to its original structure of an actuarially sound plan based on insurance principles. Social security and other welfare plans have no place in an insurance scheme.

This leads me to my resolution which affects one of the grievances and abuses about which we hear so much in regard to the unemployment insurance fund. It reads as follows:

> That, in the opinion of this house, the government should give consideration to amending the Unemployment Insurance Act, to the effect that persons wishing to continue employment beyond their normal retirement age be not required to pay any unemployment insurance.

While I could cite individual situations where this situation has worked extreme hardship on specific persons, I still think we must look at the broad picture as it affects larger groups of workers and I call to witness evidence contained in the Gill commission report. On page 25 there is a letter which the commissioners studied. Let me remind hon. members that this was in 1962. In the letter there is the following statement:

> Throughout the last 15 years the claims statistics and the information derived by the commission from its experience in administering both the unemployment insurance scheme and the national employment service have steadily indicated that the group 65 years of age and over draw benefit in a far higher ratio than that which their own numbers bear to the rest of the insured population. The differential is so substantial that the inference can only be that many of these older persons have retired from the labour market and are drawing benefit as a supplement to or substitute for a pension.
>
> It is to be expected that the impact of claims from the older group should be somewhat heavier, as these persons find it harder to get employment than younger persons. The impact is likely to be heavier both in regard to the percentage making claims and in regard to the length of time they stay on benefit. For example, a ratio higher than the average by say 50 per cent or 75 per cent would not be surprising. In fact, however, it is about 250 per cent as regards the number of claims and about 300 per cent as regards the amount of benefit drawn.

The problem still remains unsolved. In talking with some of the officials at the manpower centres I was told that persons in the upper age group constitute less than 3 per cent of the labour force and yet they claim more than 10 per cent of the amount of benefits. So obviously something is going wrong.

As I said earlier, it looks as though this plan is not really insurance in the true sense. Some type of social security is working its way into the scheme. I am not suggesting that persons over 65 years of age should be barred from the labour market. If the principle of insurance is to be applied, I think these persons have a right to expect benefits when they do not find employment.

In another section of the report dealing with pensioners the following statement appears on page 36:

> The complaints relating to the abuse of the plan on the part of pensioners are largely of the same type as the complaints relating to married women as noted above. The fact is that persons who have retired on a pension are, if their pension is other than a very small one, free to accept work or not as they choose.

It is optional; they are not really required to work daily. In fact the whole principle of pensions is to give to those moderately advanced in age the freedom from having to attend to daily work. I think it is not proper to include this group in the unemployment insurance plan.

• (5:10 p.m.)

I must point out that at the time the Gill commission report was tabled the old age security pension was available to persons reaching the age of 70. As we know, the eligible age has now come down to 68 and by 1970 people will eligible to receive the pension of $75 when they reach 65. Persons who normally would be in receipt of that pension would not be totally without means. I am not suggesting that the pension is adequate, but they are not completely without income and perhaps therefore not so much in need of protection as are other employees.

In order to be brief and come to the point, I would commend to the government recommendation 185 of the Gill commission report.

This recommendation is found on page 159 and reads:

> We recommend, therefore, that eligibility for extended benefits be limited to persons covered by the unemployment insurance plan exclusive of persons over the age of 70 who are in receipt of pensions under the Old Age Security Act—

I point out again that the age of 70 is no longer valid because of the decline in the pensionable age that has been legislated since the tabling of the Gill commission report. The wording of my resolution, therefore, refers to normal retirement age which I really intended to tie in with the declining age eligibility for the pension. I feel that many revisions are necessary but I should like to commend to the government serious consideration of my motion.

Mr. Keith Hymmen (Waterloo North): Mr. Speaker, in addressing my remarks to the notice of motion introduced by the hon. member for Portage-Neepawa (Mr. Enns), I should like to suggest that the question before the house may be expressed succinctly as whether or not people of retirement age who seek other employment should be exempted from the provisions of unemployment insurance. In this connection, I believe we should particularly refer to section 27 of that act which lists those in excepted modes of employment. I am sure that whether or not hon. members are for or against this motion they all have a great deal of sympathy for the group referred to, those of retirement age who are becoming part of a special segment of our society, the senior citizens. At one time there was the belief that a person who retired should be, so to speak, put on the shelf and forgotten. This is not the situation today.

Many hon. members in this house have met some of our centenarians during this centennial year. I had the privilege of meeting four such people. We are all aware of a certain member of the other place who at the age of 90 has contributed a tremendous amount of work and effort to an important piece of legislation which we expect in this place in the near future. Today, 65 is considered the normal retirement age when a person can look forward to some rest, relaxation and an opportunity to do some of the things which he never seemed to find time to do.

However, there are situations when, because of circumstances or temperament, a person finds it necessary to seek employment in his declining years. To cut him off from possible benefits from unemployment insurance by voiding his participation in this program would, I feel, be discriminatory against those who need the income protection in the event of loss of employment through no fault of their own. I have one person particularly in mind in my constituency to whom I have been talking recently. I know there are many more. At the same time, any change may be discriminatory against other employees in the same line of endeavour who may not yet have reached retirement age.

The introduction of this notice of motion, Mr. Speaker, of course gives hon. members an opportunity to discuss the Unemployment Insurance Act, its past, present and future provisions, and the exceptions to this program previously mentioned as being covered in section 27. This whole matter must be, and I am sure will be, considered with a great deal of interest prior to and when the amending legislation is introduced. The present Unemployment Insurance Act, as hon. members well know, was introduced in 1940. The plan adopted was an insurance plan to provide compensation to the individual against loss suffered through temporary inability to obtain employment and was not meant to be a plan of unemployment assistance or a form of social welfare.

Important service has been rendered by this act over the years. The sum of $5.5 billion has been paid out in total benefits. In this quarter of the century amendments have been introduced and changes have been made to the regulations. However, no major change has been effected since 1959. The contributions paid by employers and employees have increased somewhat and certain classes of employees have been excepted. Coverage has been extended to others. The maximum weekly benefits in 1941 ranged from $12.40 per week to $14.40. Since 1955 maximum benefits have ranged from $27 to $36 per week. We all realize that wages and salaries today are considerably higher than they were in 1955. Then, too, there is the serious matter of the cost of living about which we heard so much earlier today. Many questions have been asked and a great deal of concern has been registered from time to time in this connection since I have been here. Of course, I understand that this matter has been considered by a standing committee. The wage ceiling for insured employment has been increased about $2,000 for those employed other than on an hourly, daily, piece, mileage or other rate per unit of work to the present amount of $5,460 per year.

I have already mentioned the importance of the Unemployment Insurance Act. I do not

believe this can be stressed too strongly. However, before we go too far with regard to benefits or drastically change the presently accepted classes, I suggest we should take a good look at other programs and examine other legislation which has been introduced over the years and even recently. During the past few weeks there has been a great deal of discussion in this place in connection with Bill No. C-150 which relates to the adult retraining program. There have been many problems connected with the changeover to the new program under which the federal government has accepted full financial responsibility. The purpose of this act has been to upgrade the skills of men, the lack of which has caused many unemployment problems. There is the manpower mobility program as well as the technical assistance program. There have been many pieces of legislation directed to social welfare benefits. I do not suggest that these will eliminate the necessity for unemployment insurance. However, they are programs provided by this and previous governments which were not available and in all probability were not considered at the time the Unemployment Insurance Act was introduced.

• (5:20 p.m.)

I should like to quote paragraph 5 of the Gill commission report to be found at page 2:

> Our studies have shown that the system of unemployment insurance in Canada as it now operates will not and cannot meet the problems and requirements of either today or tomorrow. We are living in an era of extraordinarily rapid change. Revolutionary advances in technology, new conditions of foreign trade and a continued marked expansion of the labour force will have far reaching effects on the operation of the economy and on the occupational structure of the population. In these circumstances it is obvious that there is an urgent need to re-examine the procedures of the past and to devise new approaches commensurate with the realities of the future.

Paragraph 6 reads as follows:

> In developing our recommendations we have sought to devise a program of support for the unemployed that will be economically and financially sound and at the same time deal adequately with the social problems that lie ahead. First and foremost, we place great emphasis on the positive solutions to the problem of unemployment. There is no system of unemployment insurance that can cope with heavy and prolonged unemployment in a manner that is at the same time financially practicable and socially defensible. In so far as this vital but larger matter comes within our terms of reference we are proposing a basic reorganization in the role and operations of the national employment service. In our view it is essential that this service be used more effectively, as part of a comprehensive and forward-looking manpower policy, to expand employment opportunities and to assist individuals to make the best use of their skills and abilities. Such a reorientation, along with the pursuit of a positive concept in respect of emerging employment and manpower problems, is the foundation stone upon which a program of support for the unemployed should be built. The development of adequate opportunities for employment and the fullest use of human resources is a prime concern of the community; support for the unemployed when work is not available is a necessary and important social obligation, but it is never an end in itself.

[Mr. Hymmen.]

We all know of abuses of the Unemployment Insurance Act, Mr. Speaker. I am also sure that the unemployment insurance commission is well aware of the problem. Too many individuals participating in the plan feel that unless a collection is made and benefits are received they are losing something, and they operate under this assumption. However, they should appreciate that they are protected against probability, if not against eventuality or certainty, and this is the principle of any insurance scheme. At the same time we should not criticize too seriously those who have not participated in the plan if they look forward to a retirement benefit.

We have had the benefit of the report of the Gill committee to which I have already referred. This committee of inquiry was appointed by the previous government to investigate difficulties, problems, inadequacies and abuses of the Unemployment Insurance Act, and it reported in November, 1962. A point of interest to hon. members is that one of the commissioners was Dr. J. J. Deutsch, who has just completed a rather productive term of office as chairman of the Economic Council.

The Gill report is a rather sizeable document and this is not the time nor the place to examine it in detail. However, there are one or two basic recommendations in the report to which I should like to refer, and one of them is in regard to financing. The report says:

> —with the exception of administrative expenses the unemployment insurance plan be financed by contributions shared equally between employees and employers, with no contribution from the government except in its capacity as an employer; the administrative expenses arising in connection with the plan be met by the government from general taxation revenues.

This, as I understand it, is not the procedure that is followed at present. Under current arrangements the employee contributes two-fifths, the employer two-fifths and the government one-fifth. The latter is in turn covered by a statutory grant which for the current year 1967-68 amounts to $74 million.

Administration accounts for $42.5 million, making a total government expenditure for the program of $116.5 million for the current year.

A great many people, Mr. Speaker, are of the opinion that the unemployment insurance fund is not solvent. This is not quite the case. At the end of the first fiscal year, 1941-42, the fund had accumulated $44 million. This amount rose to a high of $881 million in 1953-54 and fell to a low of $66.5 million in 1961-62. Since that time I understand there have been one or two occasions when the fund was actually in deficit. The fund does have seasonal fluctuations; however, at the end of August of this year the unemployment insurance fund stood at $300,566,000.

Under these circumstances it should be possible to increase to some extent the benefits without greatly increasing the coverage. If it is the intention of the government to withdraw government participation, aside from administrative expenses, this would be extremely difficult, if not well nigh impossible. On the other hand, it would be unwise to remove from coverage those referred to in this notice of motion who require the benefits which have been provided.

I should like to turn, Mr. Speaker, to a second basic recommendation of the Gill committee dealing with the question of universality. This question has caused a great deal of concern in my riding and I am sure other hon. members have experienced the same problem. I know of no other occasion when I have had so many letters from self-employed professional people, particularly medical doctors. For example, I should like to put on the record part of a letter received from one doctor. It is addressed to me and reads:

> I wish to register my strong opposition to the proposal concerning the involvement of self-employed persons in the unemployment insurance fund.
>
> There is no conceivable circumstance under which a professional or self-employed individual could collect from the fund and this would then appear to be discriminatory taxation.
>
> If the fund is in financial difficulties, as we understand it to be, the most logical approach would be to re-examine the circumstances under which benefits are paid rather than to continue to pump money into a leaking sieve.

This concern was no doubt prompted by some press releases this summer of indeterminable origin. However, in all fairness not even the Gill report, which may or may not be the basis for anticipated legislation, connects universality with self-employed persons. It does, however, recommend that coverage be extended to all persons in an employee-employer relationship, and at page 107 of the report the following recommendation is made:

> We recommend that the existing earnings ceiling on coverage be removed and coverage be extended to all persons who are in the position of employees in an employer-employee relationship, without regard to their income. We believe, however, that the insurance plan should extend only to a certain proportion of the income of those in the higher income brackets and consequently we contemplate a maximum limit on the contribution and the benefit.

• (5:30 p.m.)

Perhaps hon. members have, as I have, heard from another group with respect to amending section 27 of the Unemployment Insurance Act which deals with excepted classes. I refer to the teachers. Teachers presently are in the excepted category. Paragraph (i) of section 27 of the act, which is headed "Excepted Employment", reads as follows:

> (i) employment as a teacher, whether engaged in a school, college, university or institution or in a private capacity;

Members of the teaching profession are concerned, with justification, about the possible implementation of some of the recommendations of the Gill commission. I shall again quote from the report of the Gill commission. In paragraphs 12 and 13 on page 106 the following words are found:

> 12. The traditional reason for the exception of groups such as government employees, policemen and teachers has been that unemployment is essentially a feature of industry and consequently coverage should be confined to those who are engaged in industrial employment in all its many varieties. The view was that employments such as government service, teaching and police work were apart from industry and were not subject to risk of unemployment. However, activities of governments at various levels have now extended so widely as to be virtually indistinguishable in many cases from employments that fall within industry. Also, there is active movement of employees between such excepted employments and employment in industry. We believe, therefore, that the traditional reason for excepting such groups, whatever validity it may have had in the past, is not valid now.

The next paragraph is interesting.

> 13. In our opinion, the fact that these or any other groups carry virtually no risk of unemployment is not a valid reason for excepting them from coverage. Already covered by the scheme are many groups of employees who have secure employment, indeed employment no less secure than that offered by the excepted classes and perhaps in some cases more secure.

As a member representing an Ontario constituency I received a telegram from the

president of the Federation of Women Teachers' Associations of Ontario. I shall not read it. The federation represents 27,500 teachers. I have in my hand also a resolution from a much larger body, the Ontario Teachers' Federation, which has some 85,000 members. The Ontario Teachers' Federation makes four basic recommendations which are as follows:

1. The federation feels that if the government includes teachers as compulsory participants few, if any, would ever be in a position to derive benefits. Consequently, from a teacher's point of view, the federation would not accept unemployment insurance as true insurance.

2. The federation is prepared to accept the view that unemployment insurance is a welfare measure and, as such, the government should re-name it, should include all citizens, and should obtain the necessary moneys from general taxation revenue.

3. The federation feels that inclusion of teachers in the fund would be an unwarranted additional educational expenditure. If the annual contribution of each teacher were approximately one hundred dollars (forty-eight dollars for each of the teachers and the employer), the approximate cost in Ontario for approximately eighty-five thousand teachers would be eight million, five hundred thousand dollars.

4. The federation requests that if the government makes amendments to the Unemployment Insurance Act it continue to include teachers under non-insurable employment.

Mr. Deputy Speaker: Order, please. I must advise the hon. member that his allotted time has expired.

Mr. Enns: Might I ask the hon. member a question? Would I be in order, Mr. Speaker? I realize that many of the hon. member's remarks were not immediately relevant to the motion. Since he raised the question of whether teachers should or should not be included, would he say whether he favours the inclusion of that group in the unemployment insurance fund? Should they or should they not be excepted?

Mr. Hymmen: Had I been allowed to finish I might have answered that question. Personally, I favour retaining teachers in the excepted category.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, this resolution is welcome, particularly as it has been a long time since steps were initiated to change the Unemployment Insurance Act. The act, as its title suggests, provides insurance against unemployment. It does not work that way. I suggest that under the act a bonus is paid to some who are not employed and that the entire legislation ought to be revised. I support this resolution because, were it adopted, it would begin to revise the legislation.

The unemployment insurance legislation does not meet our needs. I accept some responsibility for this as a member of parliament because the act has endured in its present form for a long time. I submit that many suggestions of the Gill report ought to be implemented. I do not accept the report in its entirety, but I do submit that we ought to discuss it and try to arrive at some reasonable position with respect to it.

I submit that if the words "suitable employment" were omitted from the act, wherever they appear, the insurance principle on which the legislation is said to be based would be restored. When a man is said to have suitable employment it means that he has employment or work which he is capable of doing. I know that the unions will not agree with my contention. They feel that if a man is a carpenter the government has a responsibility to see that housing legislation or mortgage legislation is so tailored that the carpenter will have employment during all seasons of the year. I do not agree with that. The unions ought to co-operate with the government and ought to make sure that every available worker in Canada, regardless of his vocation, is employed. We have gone to ridiculous limits when we expect a man to work for six or eight weeks at the height of the fishing season and to be unemployed for the rest of the year. By taking out the words "suitable employment" wherever they appear the act will be changed in a way that will give it a true insurance function.

It may also be necessary to amend the act to cover those who are employed seasonally. Those who work in the woods of Canada can only work when snow is on the ground. Snow is needed in order that the logs may be slid along the ground and ice is needed to get equipment across muskeg.

• (5:40 p.m.)

If I followed the last speaker correctly he thought that school teachers should be exempted. My own feeling is that all those who work in the labouring field in certain categories should pay into the unemployment insurance fund, but only if they are able to draw benefits from their contributions. I should like to see the Unemployment Insurance Act tailored to encourage full employment. One way in which to do this would be to introduce a sliding scale of contributions. If a man worked steadily for five years, say, his contributions would be reduced by half.

It might also be possible to give contributors an equity in the fund. If a man had paid in for 20 years he could become entitled to a paid-up government bond in return, or it could be arranged that people who had paid in for 20 years need make no more contributions.

I am entirely opposed to the idea that self-employed people or members of the higher paid professions should contribute in the way suggested. They contribute in their own way. The income tax scale is adjusted so as to require such people to pay very high amounts into the treasury. Again, such people are not usually liable to be unemployed. I understand it has been suggested in some quarters that members of parliament should be included as contributors to the fund. I do not know exactly what this would involve. Suppose one lost an election in January; one would be given the same treatment as a fisherman, I presume. Having been paid at the rate of $1,000 a month, one would be entitled to draw unemployment insurance for the rest of the year. I do not believe in this at all.

I do not see why an able-bodied man should not be encouraged to be fully employed or why he should not, in one sense, be penalized if he is not. He could be penalized to the extent that he would be unable to take advantage of the sliding scale of contributions to which I have referred.

Unfortunately, we cannot make this apply universally because those who need help most are those who can least afford to pay. So I suppose the usual policy of taxing the deep pocket will continue. But I am sure that the harder a man works in Canada today, the more he will get. The taxpayer in Canada is a very patient man. He is already carrying a staggering burden, and I am endeavouring as best I can to think of him. This fund should be self-supporting. I think it would be self-supporting if we made the necessary effort to ensure that all men able to work in Canada are encouraged to do so. This would not be easy. I do not think we can put through a perfect act here in the House of Commons. But I do believe that every segment of the population should contribute its share. The well paid members of society are contributing already through the tax structure and I do not understand why working men who are asking for an insurance principle, a form of guaranteed basic income, should not lean over backward to accept any suitable employment. I come back to the phrase "suitable employment" over and over again. I think it implies a willingness on the part of every man in Canada to pull his weight in the boat.

I agree that this government and perhaps all governments have not tried sufficiently hard to spread the work load over the whole year in order that those who do want to work can find employment on a 12-month basis. I believe the former administration had the right idea when it brought in the winter works program which created hundreds of thousands of man hours of work in the off season by encouraging municipalities to carry out their projects during the winter months when construction normally slackens off due to the rigours of our climate. Under this program the municipalities were encouraged to see that heavy construction work was carried on under tarpaulins or cellophane protective covering, the additional cost being covered by contributions from the federal government. As a result, people were able to find employment all the year round.

I see no reason why this fund should not be self-sustaining. It certainly would be so if there were full employment. I think the act itself should be tailored to achieve this result. It was an experimental act when it was first brought in. I have listened to many speeches during the years asking for changes to be made in it. I myself have asked for changes. Three times I have put my name to a proposal that farm labour be covered by unemployment insurance.

This proposal does not meet with universal approval. It would mean, to begin with, that the farmers concerned would have another set of books to keep, and, goodness knows, they have enough paper work already. But I put my name to this proposal because I know the farmers are experiencing great difficulty in finding skilled labour to operate tractors and help on the land. Those who are best qualified for this work are not coming forward because the farmers are not able to put stamps in their books. There are two sides to every question and that is why I am willing to go on experimenting with this legislation in order to incorporate well recognized improvements.

It is difficult to find fault with the argument as to universality. On the other hand, it could lead us into some ridiculous situations. For example, there are people in this country who follow highly specialized trades. Take fur cutters who work an average of six weeks a year. What are they to do during the other ten and a half months? I see no reason why a person as skilled with a needle and

scissors as a fur cutter should not be prepared to work as a tailor or as a mender in a dry cleaning shop or something of that kind.

Again, consider the position of those who work on the Great Lakes. We know perfectly well that for many months of the year the lakes are frozen. Who is to say that a man who is skilled enough to be a lake pilot or a stevedore should not be willing to pull his weight in some other category by doing other work which encourages him to use his brains and ability?

• (5:50 p.m.)

The Canadian people are versatile and I think if we present the problem to them fairly, if we gather together the unions and management, representatives of the farmers and fishermen, of the owners of the boats and even of private industry, we can solve this problem. In many instances we have to get right down to individual cases. I do not know why the Unemployment Insurance Act Administration should not have the machinery to handle this. Goodness knows, we have enough tribunals and enough civil servants working in the unemployment insurance office that they could handle a lot of work in the way of counselling.

If the bottleneck is the unions let us bring them to the table and ask what they are going to contribute, what is their solution. I do not think we have all the answers here in the House of Commons, and in areas where we do not have the answers let us bring all these others into the picture and put the burden on them. I do not want to strait-jacket the unions in any way but I do want them to tell us what they are going to do to make sure people are fully employed, because when people are fully employed the Unemployment Insurance Act will look after itself.

With a judicious use of the carrot and the stick we can help those people who are lazy to go back to work and encourage the majority, who want to pull their weight in the boat, to get employment. I do not think those in the majority should be penalized and placed in a category which offers no benefit when their pay is stopped. Therefore I have no hesitation in backing the suggestion of the hon. member for Portage-Neepawa (Mr. Enns) that something be done immediately to improve the Unemployment Insurance Act.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, this afternoon we are indebted to the hon. member for Portage-Neepawa (Mr. Enns) for introducing a resolution which provides us with an opportunity to debate the Unemployment Insurance Act at a time when that act and proposals to amend it are coming under criticism and at a time when there is a considerable amount of public interest in the subject.

On July 17 the Minister of Labour (Mr. Nicholson) gave an address to a conference sponsored by the Unemployment Insurance Commission at Queen's University, Kingston. I wish to quote a sentence or two from that address because it highlights some of the criticism which has been levelled at suggestions and proposals for amendment of the act. At one point the minister said:

> The goal of universal coverage is one which has been long sought after and it has already caused a number of difficulties—notably in the case of extension of coverage to fishermen and more recently to horticultural and agricultural workers. Nevertheless, the goal remains a legitimate one.

Further on he said:

> Whatever the motive, unemployment insurance as part of our social security system seems to be destined to extend its coverage into many untouched areas of employment.

Those remarks precipitated a deluge of briefs and representations to the minister and to members of parliament from people all across the country. Some of those representations have already been alluded to in the course of this debate.

On September 26 in an address to the Central Lions Club of Ottawa the minister alluded to his previous address and made some additional comments. I want to put these on the record. He said:

> —I used certain words which, I now realize, guaranteed a strong response. One set of these words was "social security"; the other "universality".

He added:

> The essence of what I did say at that time was: (a) The government no longer believes the unemployment insurance rates of 1959 are realistic today. It believes that $36 for a married claimant with dependents and $17 for a single claimant should be increased.

I certainly cannot quarrel with that and I would be prepared to support it, as I think would all other hon. members. The minister continued:

> (b) The government also believes that to hold the income qualification level to $5,460 per year is no longer realistic and should be reviewed appropriately.

Certainly I cannot disagree with that. Everyone knows of many classes of labour where wages have gone through the ceiling

of $5,460 so that unemployment insurance is no longer applicable to them unless they agree to carry the premium payments themselves. One can think of many such people in the service trades, drivers on city bread routes and milk route deliveries, warehousemen and the like, whose wages today exceed the ceiling of $5,460. Therefore it is reasonable that the act be amended to raise the ceiling and again include them under the provisions of the Unemployment Insurance Act. I continue with the quotation from the minister's address:

> (c) In the light of certain new concepts being considered it is evident that a greater degree of universality—a broadening of the base—within the employer-employee relationship would be beneficial to the act's future health and ability to contribute to society.

So the minister does not drop the idea of universality, and I have certain differences with him on that. He added and this is important:

> What I did not say nor imply was that proposals for such a degree of universality would extend to include the self-employed businessman or the doctor, or the lawyer or any who were not functioning as employees on wages or salaries, or their employers.

In other words, he specifically denied that he intends including doctors, lawyers and such self-employed persons in his proposals to amend the act. But that does not settle the question of whether or not teachers are to be included. I hope the minister will take an opportunity to enlarge upon what he said in his speech on September 26 and clarify how far he proposes to go in the direction of universality, because it is not yet clear that teachers are to be included. Why should one want to include a class of people such as—

Mr. Deputy Speaker: Order. I must advise the hon. member that the time for private members' business has now expired.

BUSINESS OF THE HOUSE

Mr. Knowles: Could we have a statement from one of the house leaders about the business for the next few days?

Mr. MacEachen: Mr. Speaker, we hope to continue tomorrow with the second reading of the bill to set up a department of corporate and consumer affairs. If that is disposed of we would also like to take the second reading of the emergency gold mining bill and the third reading of the manpower advisory council measure tomorrow. If this is not possible we would try to have the third reading of the manpower and immigration measure on Friday and then take the postal resolution. These are the items for the rest of the week. I will fit them in as I have outlined.

Mr. Knowles: Is it too early to ask about Monday?

Mr. MacEachen: I hope that early in the day tomorrow I will have the program for all of next week ready, and I will convey it to my hon. friend.

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

HOUSE OF COMMONS

Thursday, October 19, 1967

The house met at 2.30 p.m.

TRADE

TABLING OF NOTE RESPECTING RESTRICTIVE U.S. LEGISLATION

Hon. Robert Winters (Minister of Trade and Commerce): I beg leave to table a note from the Canadian government to the United States government which the Canadian ambassador in Washington presented to the Secretary of State on October 17 last. This note expresses the concern of the Canadian government regarding legislative proposals introduced in the United States congress which would have the effect of restricting trade.

Mr. Speaker: Does the minister have leave to table this document?

Some hon. Members: Agreed.

IMMIGRATION

BERTRAM PETERSON—STATEMENT ON REQUEST TO REMAIN IN CANADA

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, a few days ago I undertook to review the application of Mr. Bertram Peterson for permanent admission to Canada. It is hardly necessary to say that I would be as reluctant as anyone to send a coloured person back to South Africa. However, that is not the immediate issue. Suggestions have been made that Mr. Peterson should have been acceptable in the ordinary way and was refused because of racial bias. I have investigated the matter carefully and I must say this is an irresponsible charge against our officers, one entirely without foundation.

Mr. Peterson's application was properly and fairly assessed under the new immigration regulations. He failed to qualify by a substantial margin. I should say that the reporter who purported to make an assessment of his qualifications did not take the trouble to study the regulations carefully. For example, he wanted to give Mr. Peterson ten points for languages, whereas the maximum available for fluency in one of our official languages is five. Again, he wanted to give credit for a relative, but the relative in question is not close enough to be covered by the regulations.

Above all, there seems to be a misunderstanding about the role of employment and occupational demand in our assessment of visitors who apply to stay in Canada. Mr. Peterson has been offered the position of a trainee—

Hon. Michael Starr (Leader of the Opposition): On a point of order, Mr. Speaker, I do not wish to interrupt the minister but I should like to know whether he is enunciating government policy, speaking on a question of privilege or trying to straighten out a statement made in a television broadcast. I think we are entitled to know this because it is my view that the minister is certainly not enunciating government policy.

Mr. Speaker: My understanding is that the minister is making a statement on motions.

Mr. Starr: A statement of what, Mr. Speaker?

Mr. Marchand: On Mr. Peterson's case, which was brought up here in the house. The answer is too long to give in the question period.

Mr. Starr: Mr. Speaker, I ask you to rule whether the minister's statement should be made on motions or whether it should be formulated as a question of privilege.

Mr. Speaker: It certainly cannot be a question of privilege. We have a difficult situation in which a member asks a question and the minister, I suppose heeding the admonitions of the Chair, rather than give the answer during the question period seeks to do it on motions. I assume this would have to be done with the consent of the house, otherwise I do not suppose the minister can answer the question asked.

• (2:40 p.m)

Mr. Starr: I think the proper place to answer the question is on orders of the day. If it is too long to be answered at that time, then it should be done after ten o'clock.

Mr. Speaker: Order, please. We should not get into an argument. Certainly our rules do not provide for the giving of an answer after ten o'clock, unless the question has been allowed. The answer might be given in written form, perhaps by way of an order for return. Is it agreed that this question be answered in that way?

Mr. Marchand: I do not insist, Mr. Speaker. I will give it to the press. I think it is an important question, and I will do it in that way.

Mr. T. C. Douglas (Burnaby-Coquitlam): On October 11, Mr. Speaker, I asked the minister if he would take into consideration the case of Mr. Bertram Peterson. The minister kindly agreed to do so. He has now reviewed this case, and it seems to me the proper place for him to make his statement is on motions. It seems to me that having reviewed the case, he should be allowed to make this statement in respect of his decision.

Mr. Speaker: As I indicated earlier, the minister could make a statement on government policy at this time. However, I do not believe he can answer a question which is not directly related to government policy without the consent of the house. In view of the fact that this consent does not appear to be forthcoming I suggest, as I indicated a moment ago, that the proper way to answer this question is by an order for return.

[*Translation*]

WATER RESOURCES

TABLING OF AGREEMENT RESPECTING SASKATCHEWAN AND NELSON RIVERS

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, may I table the agreement signed last Monday by the government of Canada and the governments of Alberta, Saskatchewan and Manitoba concerning the Saskatchewan and Nelson rivers?

Mr. Speaker: Is it the wish of the house to permit the hon. minister to table this document?

Some hon. Members: Agreed.

[Mr. Starr.]

[*English*]

TRADE

LEGISLATIVE RESTRICTION ON IMPORTATION OF CERTAIN FOOD PRODUCTS

Mr. E. F. Whelan (Essex South) moved for leave to introduce Bill No. C-166, respecting the restriction on importation into Canada of certain commodities.

He said: The main need for this legislation, Mr. Speaker, is to stop unwarranted profiteering by importers who import cheap food products to gouge the public and depress local prices. Another factor is the need to stabilize and protect the market for the consumer, the producer and the processor. I should like to add, Mr. Speaker, that many of the so-called free trading countries have legislation similar to that which I am suggesting.

Motion agreed to and bill read the first time.

[*Translation*]

FINANCE

PROPOSED SUBSTITUTION OF SYMBOLS ON COINS AND BILLS

Mr. Fernand E. Leblanc (Laurier) moved for leave to introduce Bill C-167, intituled "An Act respecting Canadian dollars and coins".

Some hon. Members: Explain.

Mr. Leblanc (Laurier): Mr. Speaker, Canada being in constant turmoil, it becomes necessary, in order to strengthen a new Canadianism to find within our confederation a greater number of Canadian symbols.

The more we surround ourselves with truly Canadian symbols, the better we will achieve our goal: a distinctly Canadian identity and a renewed spirit.

That is the main purpose of this bill which proposes to replace the effigy of the Queen on the coins and bills of the Bank of Canada by the stylized maple leaf of the Canadian flag.

Motion agreed to and bill read the first time.

[*English*]

CRIMINAL CODE

AMENDMENTS RESPECTING DEATH SENTENCE AND LIFE IMPRISONMENT

Hon. L. T. Pennell (Solicitor General) moved for leave to introduce Bill No. C-168, to amend the Criminal Code.

Some hon. Members: Explain.

Mr. Pennell: Mr. Speaker, the purpose of this bill is to confine the imposition of the death penalty in relation to murder to the murder of police officers and prison guards for an experimental period of five years. The bill also proposes that a person in respect of whom the sentence of death has been commuted to life imprisonment, or a person upon whom the sentence of life imprisonment as the minimum punishment has been imposed, shall not be released without the prior approval of the governor in council.

Motion agreed to and bill read the first time.

NATURAL GAS

REQUEST FOR POLICY STATEMENT ON EXPORTS TO U.S.

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my question is addressed to the Minister of Energy, Mines and Resources. In view of the direct challenge by the United States federal power commission to the principles of the National Energy Board Act and the recommendation of the Borden royal commission that we should not subsidize United States consumers of gas at the expense of Canadians, will the government make a statement of policy before the National Energy Board opens hearings next Tuesday on the new application of Westcoast Transmission Company for the export of additional natural gas to the United States?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I may be wrong but I think the Westcoast case is already before the National Energy Board. However, may I take notice of the question and answer it more properly tomorrow.

Mr. Hamilton: Mr. Speaker, in view of the urgency of the question, the hearing being next Tuesday, it is essential that we in this house know whether the laws of Canada are going to be followed during the course of that hearing. I think we should have a statement from the minister at the earliest possible moment.

Mr. Speaker: Order, please.

Mr. Pepin: On a question of privilege, Mr. Speaker, I think I should say it is the very function of the National Energy Board to apply the laws of Canada.

Inquiries of the Ministry

IMMIGRATION

BERTRAM PETERSON—REQUEST FOR PERMISSION TO REMAIN IN CANADA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I ask the minister of immigration what decision he has reached in the case of Mr. Bertram Peterson. Has the minister decided to allow him to remain in Canada in view of the fact that he has a sponsor, that he has the opportunity for employment, and that to deport him would likely bring upon him serious penalties when he returns to his own country?

Mr. Speaker: Order. I suggest to the hon. member and to the minister that the question has been answered, at least in part. Since there has been some objection and there is tacit agreement to the suggestion of the Chair that the question should be answered in a special way, I doubt whether the minister should be allowed to go into the matter further at this moment.

Mr. Douglas: On a point of order, Mr. Speaker, I do not often differ with Your Honour but I wish to point out that I asked a question on October 11; I repeated the question yesterday, and the house has a right to know—it need not necessarily know the details—whether this man will be granted permission to stay in Canada or whether he will be deported. That is all I am asking the minister. I do not wish him to make a lengthy statement; he can make that statement elsewhere on some other occasion. Surely the rules of the house permit the minister to answer a simple question about whether this man is to be allowed to remain in Canada.

Mr. Speaker: I am not sure whether part of the minister's answer contained the information the hon. member is now seeking. If it did not contain that information I shall allow the minister to answer that part of the question.

Mr. Marchand: Mr. Speaker, at this moment I cannot answer that question because this man has a right of appeal to the appeal board. In the meantime he will be allowed to stay in Canada and work. For the hon. member's information, the department will not oppose this man's application and the humanitarian reasons he put forward in order to stay here in Canada.

Inquiries of the Ministry

Mr. Douglas: May I ask what may be termed a related question with respect to immigration. May I ask the Minister of Manpower and Immigration or the Prime Minister a question about the statement which, according to this morning's Montreal *Gazette*, the minister is alleged to have made.

Mr. Starr: Mr. Speaker, I rise on a point of order—

Mr. Speaker: Order, please.

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I rise on a point of order. The hon. member for Burnaby-Coquitlam is asking two distinct questions. He is trying to sneak in his last question as a related question, thereby depriving those of the other opposition parties of a proper opportunity to ask their questions about the matter during the question period.

Mr. Douglas: Mr. Speaker, I shall leave it to Your Honour to decide.

Mr. Speaker: The hon. member might allow the Chair to hear the question, to determine whether it is a related question. The Leader of the Opposition knows that on a number of occasions hon. members ask related questions. The distinction between a supplementary and a related question is fine, but I ought to hear the question before determining whether it may be allowed.

Mr. Douglas: I really wanted to ask the minister about the statement, attributed to him, that he saw no serious objection to giving Quebec control of manpower and immigration policies. Does this represent government policy?

Some hon. Members: Oh, oh.

Mr. Marchand: I never stated that.

Mr. Ricard: That question is related to what?

Mr. Speaker: Order, please. This is a distantly related question.

[*Later:*]

Mr. Starr: Mr. Speaker, I wish to direct a question to the Prime Minister. The question is based on a statement alleged to have been made by the Minister of Manpower and Immigration, who is reported to have said he could see no serious obstacles to giving Quebec control of manpower and immigration policies. I wish to ask the Prime Minister whether the government is now contemplating policies which are aimed in this direction, the effect of which will be that immigrants will need permission to cross provincial borders in Canada.

[Mr. Marchand.]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my hon. friend may not know that the minister has already denied the accuracy of that statement.

Mr. Starr: May I ask the minister whether he has denied it in the house?

Mr. Marchand: Mr. Speaker, I said I had no objection—

Mr. Speaker: Order, please.

TRADE

DISCUSSIONS RESPECTING PROPOSED U.S. IMPORT RESTRICTIONS

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I wish to direct my question to the Minister of Trade and Commerce; it relates to a matter that was raised in the earlier tabling of a certain document. In view of the serious effects that United States legislation proposing to curb imports may have on Canada-United States trade, has the government recently discussed this important matter at the ministerial level with the United States authorities?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, as I informed the house I visited Washington recently and had a number of discussions with Secretary Freeman, the Secretary of Agriculture, and with Ambassador Roth. Other than that our contacts have been through diplomatic channels.

[*Later:*]

Mr. J. N. Ormiston (Melville): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. In view of the fact that yesterday bills were introduced in the United States congress to limit potash importations into the United States, is the Canadian government making representations to the United States government concerning proposed United States limitation on imports of potash from Canada?

Mr. Winters: Yes, Mr. Speaker. I think the hon. member will gather from the document I tabled earlier that we have taken up with the United States government all these matters which appear to be in restraint of trade.

HEALTH AND WELFARE

REPRESENTATIONS RESPECTING CIGARETTE ADVERTISING AND SMOKING EDUCATION

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): My question is addressed to the Minister of National Health and Welfare. Will the minister inform the house what he proposes to do in consequence of the warning issued by Dr. De la Rue, the noted chest surgeon, with regard to cigarette smoking and the doctor's recommendations as to advertising and other restrictions?

Mr. Speaker: Order. I am wondering whether this question is not one which relates to general policy. I have some doubt whether it should be asked at this time.

Mr. Barry Mather (New Westminster): I have a question for either the Minister of National Health and Welfare or the Registrar General. Following the grave statements made yesterday both in the United States and in Canada by leading cancer authorities calling on the one hand for an end to cigarette advertising and on the other for the control of cigarette contents, will the minister not now consider adding legislation to the education effort which has so far been undertaken to protect, particularly, younger Canadians from cigarette diseases?

Mr. Speaker: It seems to me that the question asked by the hon. member for New Westminster is closely related to the one just asked by the hon. member for Simcoe East, and for the same reason I suggest it cannot be asked now.

Mr. Mather: Ten o'clock, Mr. Speaker.

MEDICARE—REPORTED STATEMENT BY N.B. PREMIER

On the orders of the day:

Hon. E. D. Fulton (Kamloops): I do not wish to appear importunate but I wonder whether the Prime Minister is now in a position to answer the question about medicare which I asked him two days ago.

Right Hon. L. B. Pearson (Prime Minister): I have been unable to find any evidence to support the suggestion by the hon. gentleman that such a statement was made. If he could give me more detail, for example the date when the statement was made, I would be able to follow this up, but at present I have no information to indicate that such a statement was made by the premier of New Brunswick.

NATIONAL DEFENCE

POSSIBLE CLOSING OF ARMED FORCES BASES

On the orders of the day:

Mr. David MacDonald (Prince): I have a question for the Minister of National Defence. In the light of the disturbing news report in this morning's Charlottetown *Guardian* suggesting imminent closure of the air base at Summerside, will the minister assure the people of Prince Edward Island and members of this house that no action is being taken and no plans are being considered with regard to the closing of the Canadian forces base on Prince Edward Island?

Hon. Léo Cadieux (Minister of National Defence): I think I should repeat what I have said earlier, that a study of all bases has been going on for many months and that no decision to close any base has been taken.

Mr. MacDonald (Prince): Can the minister also assure us that no substantial reduction has been made or is being considered with regard to those employed at the Summerside air base?

Mr. Cadieux (Terrebonne): I can say that the department has in fact developed and improved the base over the past few years.

Mr. Erik Nielsen (Yukon): In connection with the minister's statement a few moments ago that no decision had been taken to close any base, will the hon. gentleman now assure us that the decision to close the Canadian forces base at Whitehorse has in fact been reversed by the department?

Mr. Cadieux (Terrebonne): I would point out to the hon. member that the decision with regard to the Whitehorse base was taken in 1965.

Mr. L. R. Sherman (Winnipeg South): Can the minister assure the house that there has been a reversal of the decision with respect to the Rivers base in Manitoba?

Mr. Speaker: Order, please. I see what we are getting into, and I should like to recognize the hon. member for Northumberland.

Mr. E. Nasserden (Rosthern): I have a supplementary question for the Minister of National Defence. What is the purpose of the numerous transfers of senior personnel now taking place between various bases across Canada?

Mr. Speaker: Order, please.

Inquiries of the Ministry

EXPO '67

FEDERAL POSITION RESPECTING PERMANENT EXHIBITION

On the orders of the day:

Hon. George Hees (Northumberland): I have a question to address to the Minister of Trade and Commerce. In view of the statement by the premier of Quebec regarding the attitude of that province toward the continuation of Expo, is the federal government now in a position to state its attitude in this regard?

Hon. Robert Winters (Minister of Trade and Commerce): We are still engaged in consultations with the government of Quebec and the city of Montreal, but if it is the wish of hon. members I shall make a statement early next week, perhaps Tuesday.

GRAIN

REPORTED LACK OF BOX CARS AND SHIPPING ORDERS

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Due to the shortage of box cars and shipping orders in western Canada, which leaves 250 shipping points still on a unit quota, will the minister consider arranging a meeting with western farm leaders and heads of the grain companies to see what can be done to alleviate this critical situation in western Canada?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I will take that matter under consideration and talk to the wheat board about it.

[*Later:*]

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. It arises from a telegram I received this morning informing me that shipping points in Alberta which are still on a unit basis have box cars available to them but are being refused shipping orders by the wheat board. Could he explain to the house why orders are being refused by the wheat board to these points?

Mr. Winters: Not at the moment, Mr. Speaker. I should like to take that question as notice.

Mr. Smallwood: I shall raise the question again at ten o'clock, Mr. Speaker.

[Mr. Speaker.]

HOUSING

INQUIRY AS TO APPOINTMENT OF FULL TIME MINISTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the growing importance of housing as a matter of governmental concern, has the Prime Minister yet decided to appoint a full time minister of housing in the federal cabinet?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker; no decision has yet been made.

Mr. Knowles: A supplementary question, Mr. Speaker. Is it intended to make such an appointment during this session?

Mr. Pearson: The intention of the government in this matter will be made known in due course.

[*Translation*]

IMMIGRATION

IMPROVEMENT IN SERVICES TO NEW CANADIANS ON ARRIVAL

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the Minister of Manpower and Immigration.

As a result of an emergency situation created by the channelling of immigrants to certain areas of the country, has the minister received requests for assistance to new Canadians and is it his intention to take immediate steps to improve the scheduling of immigrant arrivals in various areas of Canada?

Mr. Speaker: This is a question of general policy and I do not believe it should be put at this time.

Mr. Allard: Ten o'clock, Mr. Speaker.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR CONTINUATION OF SERVICE IN LOWER ST. LAWRENCE REGION

On the orders of the day:

Mr. Guy LeBlanc (Rimouski): Mr. Speaker, in the absence of the Minister of Transport, I should like to put my question to his parliamentary secretary (Mr. Byrne).

Has the C.N.R. taken steps to replace the Ocean Limited which is to stop running in the lower St. Lawrence area next October 29?

Mr. Speaker: I wonder if that question should be accepted. If the hon. member feels that it is of immediate urgency, I will gladly see to it that it is considered on the adjournment motion.

Mr. LeBlanc (Rimouski): Mr. Speaker, ten o'clock.

[*English*]

FINANCE

INQUIRY AS TO SALES OF CANADA SAVINGS BONDS

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of Finance. In view of the serious decline in bond prices and thus the manifest impossibility of the government securing its borrowing needs from the market at bearable rates of interest, can the minister inform the house whether sales of this year's issue of Canada savings bonds are equal to those of last year?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, sales of Canada savings bonds are proceeding. I am not yet in a position to give the results, since there are several weeks to go before the campaign will be completed.

Mr. Harkness: As a supplementary question, is the minister in a position to say how much new money he expects or needs to raise from this year's sales of Canada savings bonds?

Mr. Sharp: As much as possible, Mr. Speaker.

CANADIAN BROADCASTING CORPORATION

SASKATOON—INQUIRY AS TO STATION CONSTRUCTION

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I wish to direct a question to the Prime Minister. Another week has gone by and I wonder whether the Prime Minister has had time to prepare an answer to my question, will a C.B.C. station be built in Saskatoon? He promised to answer within a few days. Now a week has gone by, because I gave him a few days' grace.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I wonder if my hon. friend would give me a few more days' grace. I hope to be in a position to answer this question next week.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF VILLAGE COUNCIL OF TWEED, ONT.

On the orders of the day:

Mr. Lee Grills (Hastings South): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. Something very unique took place in the village of Tweed, in my riding, this centennial year. An all-lady council has been elected there. I wondered whether the Prime Minister was aware of that, and is he aware that they are sitting directly behind him in the gallery today?

Some hon. Members: Hear, hear.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am grateful to my hon. friend for making me aware of this important fact. If I had known they were sitting in the gallery behind me my back would have been turned to the hon. member long before now.

Mr. Speaker: Order, please. I suggest to the hon. member that this should have been raised as a question of privilege.

LABOUR CONDITIONS

PROPOSAL OF ALUMINUM COMPANY TO INCREASE CHARGES FOR BOARD

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Finance. Has the minister made, in the context of his suggested wage and price guide lines, or will he make representations to the Aluminum Company of Canada asking that company not to proceed with its plan to increase board and lodging charges to certain of its employees at the Kemano power site?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the hon. gentleman is putting words in my mouth. I have not spoken about wage and price guide lines, and I think it would be premature to think in these terms. However, I do hope that all concerned will be exercising restraint, and I hope we can have voluntary co-operation on this basis.

Mr. Howard: The minister has not answered my question. Will he make such representations as I have alluded to?

Inquiries of the Ministry

NOVA SCOTIA

INQUIRY AS TO PROPOSALS TO PREVENT CLOSING OF STEEL MILL

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, may I direct a question to the right hon. Prime Minister. I ask him whether the cabinet and the federal government as a whole have been busily engaged in working out proposals that could be presented to Dosco in order to avert the disastrous closing of the Sydney steel mill next April?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, we spent most of the morning on this very important subject.

Mr. Starr: As a supplementary question, can the Prime Minister say when he expects to meet with Dosco and have some proposals ready to put forward for their consideration?

Mr. Pearson: Just as soon as possible, Mr. Speaker. As soon as I can say something in the house I will be glad to do so.

TRADE

WHEAT—SALES TO JAPAN OF No. 1 WHEAT AT No. 2 PRICE

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. As reported in today's *Globe and Mail*, Japan has accepted No. 1 Manitoba hard wheat to fill its contracts for October and November at the same price it would ordinarily pay for No. 2 wheat. Can the minister inform the house whether other importing countries will be given the same arrangements?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, if it is necessary to fill their contracts yes, that will happen.

Mr. T. C. Douglas (Burnaby-Coquitlam): As a supplementary question may I ask the minister if he will table a copy of the draft wheat agreement which is to come into effect on July 1 next, and which is still to be ratified by the various signatories?

Mr. Winters: Mr. Speaker, I wonder if the hon. member would permit me to look into that and refresh my memory on what has already been tabled.

Mr. R. R. Southam (Moose Mountain): As a supplementary question, can the minister inform the house why the international wheat agreement was allowed to lapse in the first place? This is the question that everybody in western Canada is asking.

Mr. Speaker: Order, please.

[*Later:*]

Mr. George Muir (Lisgar): Mr. Speaker, I should like to direct this question to the Minister of Trade and Commerce. Will the producers of No. 1 northern Manitoba be compensated for the price differential in the sale of that grade of wheat to Japan at the No. 2 northern price?

Mr. Winters: Mr. Speaker, it all becomes a matter of pooling. The difference between No. 1 and No. 2 is only one cent a bushel.

TELEVISION

REQUEST FOR POLICY STATEMENT RESPECTING SATELLITES

On the orders of the day:

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I wish to direct a question to the Prime Minister. It has to do with the decision the government is going to take with respect to television satellites. Has any decision yet been taken and, if so, what is the policy that the government will follow?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, a great deal of consideration has been given and will be given to this very important matter. More than one decision has to be taken, and I am not in a position to announce anything at the moment.

[*Translation*]

CANADIAN CONSTITUTION

CONSIDERATION OF REPORTS SUGGESTING AMENDMENTS

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Justice. Since he has already stated that he is prepared to keep a very open mind with respect to any suggestion concerning the amendment of the Canadian constitution, can he tell us whether he has read the report of Mr. Paul Gérin-Lajoie which contains suggestions in that regard, and when will he be in a position to accept or reject the suggestions made by the committee of the provincial Liberal party?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, as far as I know, Mr. Gérin-Lajoie has submitted a report to a provincial

party convention and I have received no official communication in that respect.

Mr. Grégoire: A supplementary question, Mr. Speaker. Then, should I conclude that if the provincial Liberal party sends an official copy of the report, the Minister of Justice—

Mr. Speaker: Order, please. The hon. member may not inform us of his conclusions.

Mr. Grégoire: Mr. Speaker, may I rephrase my question?

Mr. Speaker: Order. I have already recognized the hon. member for Battle River-Camrose (Mr. Smallwood).

Mr. Grégoire: I should like to put my question in another way, Mr. Speaker—

[*English*]

NATIONAL DEFENCE

REDUCTION IN STRENGTH OF ARMED FORCES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of National Defence. In view of the information revealed by an answer tabled in this house last Monday, which indicated that Canada's armed forces have suffered a reduction in personnel from 123,000 to 105,000 over the past three years, could the minister indicate whether this process of attrition is to continue indefinitely or whether there is an absolute floor; and if so, what that floor is?

Hon. Léo Cadieux (Minister of National Defence): This is a very broad question. I prefer to answer by saying I hope we can have adequate forces to meet our commitments.

INCOME TAX

REQUEST FOR FORGIVENESS OF INTEREST ON TAX ARREARS OF PENSIONERS

On the orders of the day:

Mr. H. E. Gray (Essex West): Mr. Speaker, my question is for the Minister of National Revenue. Is the government in a position to take action to make it unnecessary for certain pensioners who have been asked to pay to the department interest on taxes due on an instalment basis, in view of the fact that although the amount of the interest is small these people have very little income in addition to their old age security pensions.

Mr. Speaker: Order. I would think this question is of a rather general nature, and perhaps is one which should be discussed at the time of adjournment.

Mr. Gray: I will give the appropriate notice, Mr. Speaker.

HEALTH AND WELFARE

REQUEST FOR COMMITTEE CONSIDERATION OF NEW CIGARETTE FILTER

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the fact that he is a former minister of national health and welfare, and in view of the fact that he has indicated great interest in a special process for eliminating the dangerous ingredients in cigarettes which is being developed in Windsor, Ontario, will the minister use his well known persuasive influence to have this matter referred to the committee of this house on health and welfare?

Mr. Speaker: Order. This is a question which I do not believe should be asked of the minister in his capacity as a former minister of national health and welfare.

REPORTED INCREASE IN INCIDENCE OF VENEREAL DISEASE

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I should like to direct this question to the Minister of National Health and Welfare. Has the Department of National Health and Welfare taken cognizance of the alarming increase in the incidence of venereal disease in Canada? If so, are any measures being taken to bring the problem under control?

Mr. Speaker: Order. This is a question of a very general nature, and I doubt whether it should be answered at this time.

Mr. Noble: Mr. Speaker, millions of dollars of public funds are being spent in respect of chronic cases of venereal disease in Canada now. I think some more effective means of control should be found.

Mr. Speaker: I appreciate the importance of the question posed by the hon. member, but I suggest the matter is much too broad in scope to be considered at this time. If there is a particular urgency I suggest that he might raise the matter at the time of adjournment.

Inquiries of the Ministry

REPORTED DEVELOPMENT OF PILL TO END PREGNANCY

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is addressed to the Minister of Justice. According to reliable news reports it would seem that medical science has succeeded in the development of a pill which will allow one to end pregnancy. I should like to ask the Minister of Justice whether his officials are making a study to see whether the marketing of this pill will in any way contravene sections of the Criminal Code.

Mr. Speaker: Order, please. This is another question about which I cannot see any immediate urgency. I suggest to the hon. member that the question should be placed on the order paper.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I have a question for the Prime Minister. I should like to ask him whether any official notice has been taken of the landing of the Russian satellite on the planet Venus.

EXTERNAL AFFAIRS

REPORTED SUBVERSIVE BROADCASTS TO CANADA FROM CUBA

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, I wish to address my question to the Secretary of State for External Affairs. It has to do with the two meetings, or at least one meeting held this morning between him and the Cuban chargé d'affaires, and the allegation made in this house earlier this week with regard to broadcasts being beamed out of Cuba toward Canada. Can the minister tell the house the result of that meeting?

Hon. Paul Martin (Secretary of State for External Affairs): After the hon. member for Red Deer brought this matter to my attention an inquiry was launched at once. In the meantime I was told by an officer of the Cuban embassy this morning that his minister in Havana telephoned him to say there was nothing in this statement.

[Mr. Speaker.]

IMMIGRATION

REQUEST FOR POLICY STATEMENT ON ADMISSION OF HANDICAPPED PERSONS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration. It arises from the fact that last week and on repeated occasions outside this house the minister publicly has stated his conviction that immigration laws should be changed to allow for the immigration into Canada of families having members who are handicapped. I should like to ask the minister whether he can clarify this for us.

Mr. Speaker: Order. According to the rules of the house a minister cannot be asked to clarify for the benefit of the house statements made outside the house.

Mr. Schreyer: May I rephrase the question, Mr. Speaker. I should like to ask the Minister of Manpower and Immigration whether he can tell us if it is the intention of the house to introduce legislation to make possible the immigration to Canada of families having members who are handicapped.

Hon. Jean Marchand (Minister of Manpower and Immigration): I hope that early next year it will be possible to bring in amendments to the Immigration Act so that the policy which I mentioned may be implemented.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—PROVISION FOR RAILS

On the orders of the day:

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Queens, as appears at page 3230 of the House of Commons debates, asked a question concerning the reappraisal of the design for the Northumberland strait crossing and whether a decision had been taken that the crossing would not have provision for rails.

As I advised the house some time ago, the official of the Department of Public Works and the consultants are reviewing the design and contract procedures for the Northumberland crossing project. One aspect of this review is the matter of the cost with or without a rail line. The review is continuing but is not yet completed. The answer to the hon. member's question is therefore no.

Mr. David MacDonald (Prince): I should like to ask a supplementary question, Mr. Speaker. In view of the answer of the minister I wonder whether he can assure the house and indirectly, of course, the people of Prince Edward Island that there will be no removal of the rail service regardless of the eventual outcome of the redesign which presently is being considered by his department.

Mr. McIlraith: I do not see how this is related. How can I assure the hon. member that there will be no removal of the rail line if the recommendation should be that the service be provided by another means?

Mr. MacDonald (Prince): Mr. Speaker—

Mr. Speaker: Order. I do not think we should have a debate on this subject at the moment.

[*Later:*]

Mr. MacDonald (Prince): Mr. Speaker, I should like to clear up something the Minister of Public Works said a moment ago. I did not ask the minister whether there would be rails on the projected causeway. I asked him whether he could assure the people of Prince Edward Island that there will be rail service, either by ferry as at present or by causeway; because I think the continuance of the rail service is of vital importance to the economy of that province.

Mr. McIlraith: I think the position of the government has been made quite clear on that point.

Mr. Speaker: I should like to reiterate my previous suggestion that we should not pursue the debate.

[*Translation*]

CANADIAN BILL OF RIGHTS

PROPOSED AMENDMENT FOR PROTECTION OF FRENCH CANADIANS

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, my question is directed to the Minister of Justice.

Recently, the Minister of Justice stated that he was thinking of bringing in a bill on the rights of the French-Canadian community. Does the minister intend to introduce the bill in the house before the meeting of federal and provincial authorities which is to be held next December?

Hon. P.-E. Trudeau (Minister of Justice): Have I well understood: a bill protecting the French-Canadian community?

Mr. Asselin (Charlevoix): Protecting the rights of the French-Canadian community.

Mr. Trudeau: Mr. Speaker, I spoke about a bill of rights which would provide the French-speaking community in Canada with effective protection. This matter is expected to be taken up during a federal-provincial conference early next year.

Mr. Asselin (Charlevoix): Could this matter be submitted to the house before it is introduced at the federal-provincial conference?

Mr. Trudeau: It could, Mr. Speaker, but I do not think it will be.

[*English*]

CORPORATE AND CONSUMER AFFAIRS

PROVISION FOR ESTABLISHMENT OF DEPARTMENT, APPOINTMENT OF PERSONNEL, ETC.

The house resumed, from Wednesday, October 18, consideration of the motion of Mr. Turner for the second reading of Bill No. C-161, to establish a department of corporate and consumer affairs.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, when the debate on the bill to establish a department of corporate and consumer affairs was adjourned yesterday afternoon I was in the process of pointing out that the most glaring omission in this legislation is the failure of the government to make any provision for coping with the problem of the rising cost of living. I was pointing out that the cost of living has been rising rapidly and that this rise has been accelerated in recent months.

Since the present government took office in the spring of 1963 the cost of living has gone up by some 18 percentage points, or an increase of 13.5 per cent. This means that the purchasing power of the dollar in a store today is 86½ cents compared with what it was when this government took office. The most serious aspect of this situation, however, is that the rise in the cost of living has been accelerated in recent months. In the first nine months of this calendar year the cost of living has gone up by 4.7 per cent, and it is a fairly safe prediction that for the entire year 1967 the cost of living will go up by some 5 per cent.

This is the problem that is concerning the housewives of Canada and the people of this country generally. I noticed in yesterday's Montreal *Star* that a Gallup poll had been held with regard to the new department of corporate and consumer affairs. Of those people interviewed who were familiar with the fact that such a department was being set up, the great majority considered that the most important problem which ought to be dealt with by the government was the control of profits and prices. It is interesting that the Gallup poll shows that only some 5 per cent were concerned about proper weights and clearer labels on packaging, some 4 per cent were concerned with the control of advertising and the need to stop misleading advertising, only 1 per cent were concerned about give-aways and fraud, but 45 per cent felt that the most important question with which the government had to grapple was the controlling of prices and profits.

This is precisely what the government is refusing to do in this legislation. It is true that the minister has shown his tearful sympathy for the poor consumer. As reported at page 3213 of *Hansard*, he expressed that sympathy in eloquent terms when he said:

> I think in particular of the low income consumer who must use his dollar with effectiveness. He must gain fair access to quality goods at low prices and be protected against unfair selling and credit practices. There is the elderly consumer who has special health, housing and nutritional needs—needs shown by those with disabilities. Then there is the rural consumer who has difficulty in gaining full access to the urban market because of the distance he or she is from that market.

Those are very genuine concerns which the minister has expressed. Let me go on to show, however, the solution which he offers. He went on to say:

> It will be our concern to search out and explore the ways of servicing these particular problems—

That is not much consolation. The minister could very well put on a soap opera in which, with tears in his eyes, he could deplore the state of the elderly, the housewives and the disabled and then finish by singing "I Can't Give You Anything But Love, Baby."

Mr. Greene: Is love a consumer commodity?

Mr. Hees: Very saleable, too, Joe.

Mr. Douglas: The minister prides himself on being very modern and up to date. That, of course, is what one would expect from a young man on the make. He delivered himself of a little homily the other evening, as recorded at page 3206 of *Hansard*, when he said:

> Each new morning brings some obsolescence to some aspect of our lives. Unless we are prepared to re-examine on a daily basis, to reassess and revalue what we do and how we do it, we are in danger of falling behind and becoming irrelevant to contemporary needs. Nowhere is this more true than in dealing with our economy.

I agree with the minister 100 per cent. No one could disagree with such a general statement about the need for removing obsolescence, for changing with changing conditions. But when the minister comes to grapple with the real problems which are facing the consumer, what do we find him saying? We find him saying, as reported at page 3210 of *Hansard*:

> —there is no intention that this department should act as a sort of controller—

On the same page he said:

> —I tend to be convinced that attempts in peacetime to regulate prices by law would shortly prove to be unworkable and inconsistent with the operation of a market economy.

When the minister talks like that he is revealing himself as a Rip Van Winkle.

An hon. Member: Who is not yet awake.

Mr. Douglas: Surely the minister ought to know that the day when the market could be considered as the arbiter of man's economic destiny is long past, if it ever did exist. Surely the myth that the free play of the market will protect the producer and the consumer is as dead as the dodo. In his recent book "The New Industrial State" J. K. Galbraith points out quite convincingly that we no longer live in a day when the free play of the market provides any protection whatsoever. The only people who still believe that the marketplace is allowed to operate freely are those who are mentally living in the era of nineteenth century Liberalism.

As Mr. Galbraith points out, in the United States alone some 500 corporations produce over 50 per cent of all the goods and services of that country. He said that these corporations, because of the fact that they require very large sums of capital, because they require highly skilled and specialized labour forces, and because they must do long-term planning both with respect to their supplies and to the demand for their products, have now reached the point where they manipulate the market and control the supply and demand. They exercise influence upon buying patterns so we no longer have a free market, and the market cannot possibly provide any protection for the consumer.

• (3:30 p.m.)

For any person today to talk about intervention by the government with respect to prices as being inconsistent with a market economy is to reveal that that person has ideas that are as out of date as Methuselah. I say to the minister that he must modernize his thinking. We live in a technological society in which giant corporations control the market, set prices and manipulate supply and demand, and the consumer is left defenceless and helpless in that situation.

We cannot resolve this problem by turning back the clock of history. Big corporations cannot be reduced to small corporations. Bigness itself is not a vice. Big corporations are an essential concomitant of a technological society. This is particularly true in regard to the mass production of steel, automobiles and most of the extraction industries. Our economy now requires large corporations with a large amount of capital, long-term planning, research facilities and highly specialized technical skills. It is not possible to go back to the nineteenth century with innumerable small corporations. The giant corporations are here and the economic concentration of power is in their hands. There is no way that this trend can be reversed. But what the government can and must do in that situation is intervene to protect the consumer and unless the government is prepared to do so then, of course, the consumers will be exploited as they have been over the years.

Who else is going to protect the consumer in this country unless the government does so? Who else is going to do something about the fact that we are manufacturing cars in this country under the Canada-United States auto trade agreement and the companies are selling Canadian made cars in the United States for less than they are sold in Canada? Who else is going to protect the farming population whose average price index has been more or less stationary ever since 1951, while in the last three years alone the cost of the things they must buy in order to produce has gone up by 17 per cent? Who else is going to protect the farmer from the rapid increase in the cost of farm machinery so that Massey-Ferguson, for instance, could increase its profits between 1964 and 1966 from $18,100,000 to $45,200,000, an increase of 150 per cent, although its sales increased in that period only by some 56 per cent? Who is going to protect the consumer against unconscionable profiteering by the pharmaceutical companies and the exorbitant prices which they charge for drugs which are absolutely essential to the life and well-being of people who suffer from prolonged illnesses? Who else is going to protect the housewife who has to buy in the great chain stores where prices are maintained by what has now become a virtual monopoly of the food industries? Who else is going to protect the public against fixed retail prices, particularly for electrical appliances?

All along the line the consumer finds himself in a marketplace dominated by gigantic corporations, and the government has the responsibility to protect the consumer. That is what the consumers asked for when they were urging this parliament to do something two years ago. It was to meet this problem that a committee on consumer credit and prices was set up.

All we now have is a piece of legislation which deals with the peripheral problems and fails entirely to deal with the problem of the rising cost of living. There is nothing in this legislation which will protect the housewife, the person buying drugs, the farmer paying exorbitant prices for farm machinery, the consumer paying a very high price for automobiles compared with the price of automobiles in the United States.

I invite the minister, before he closes this debate, to tell the house where in this legislation the Canadian consumer has any protection at all with respect to inordinate and unconscionable profiteering on the part of these large corporations. The minister of course takes refuge in the constitution. He says that the federal government does not have the constitutional power to enter this field. I have been listening to the Liberals excusing their inactivity for a quarter of a century by finding refuge in the constitution. We were told for years that we could not have a wheat board to handle the farmers' wheat and their coarse grains because there were constitutional difficulties. But we found a way through those constitutional difficulties and we now have a wheat board. We were told for years we could not have universal old age pensions and we could not have family allowances because there were constitutional difficulties. The fact is that we found ways of amending the constitution so as to overcome those difficulties. I listened for years to successive governments saying we could not have medicare in Canada because there were constitutional difficulties, but when governments really want to carry out a program they can find the constitutional solution to those difficulties.

I think the government has to begin by remembering that the constitution was made for man, not man for the constitution, that there is nothing sacrosanct about a constitution. It is not the law of the Medes and the Persians. The constitution is the framework within which we operate and, as the minister himself has said, we live within a society where the basic law is the law of change, and with technological change there must not only be social and economic changes but there must also be constitutional changes. The constitution really does not offer any insurmountable obstacle to grappling with the problem of the rising cost of living.

• (3:40 p.m.)

The minister, in speaking of my colleague, the hon. member for Vancouver-Kingsway (Mrs. MacInnis), said she was apparently trying to bring about a reincarnation of the wartime prices control board. That is an indication of antediluvian thinking. Nobody is suggesting to the minister that he should set up a wartime prices control board. We in this party have suggested two things to the minister which he should do and which he can do within the constitutional framework of this country. The first thing we have suggested is that there should be set up within the department of corporate and consumer affairs a prices review board. The function of that board would be to investigate to what extent increases in prices of basic commodities are justified. We readily admit that if an industry finds its costs have risen, its labour costs per unit of production, its fuel costs, its raw material costs, its transportation costs, then that company must have an increase in price. No company can stay in business and show a loss year after year.

But what we are saying is that industry should have to justify its price increases. The laws of this country require that when a trade union is in the process of bargaining collectively it must go before a conciliation board and seek to justify its demands for increases in rates. Is there any reason why the basic industries of this country which increase prices to the consumer should not be required to justify the price increases that they are going to levy upon the Canadian public?

Let us take the steel industry as an example. The last time they raised the price of steel it was shown that the labour cost per ton of steel had actually declined by $5.36 per ton. The steel industry, during a five year period, had increased its profits by some 106 per cent. Hon. members know that

[Mr. Douglas.]

increases in the price of steel affect the whole economy. They automatically mean increases in the prices of cars, tractors, trucks, farm implements and even houses. There is hardly a commodity that either does not contain steel or is not made by machines which contain steel. Consequently, an increase in the price of steel has an inflationary effect on the whole economy.

The International Nickel Company, which has a virtual monopoly on the production and sale of nickel, increased its prices despite the fact its profits are higher than at any time in its history. Farm implement companies raised their prices at a time when their profits had reached record heights. Surely the Canadian people are entitled to some protection. Surely the government has the constitutional power to at least require an investigation to ascertain whether or not these companies are justified in raising their prices or whether the increases in prices simply represent taking advantage of the fact they are in a seller's market.

The Canadian people have the right to know whether price increases are the result of certain economic factors such as increased costs or whether those increases are the result of greedy, exorbitant profiteering. This is what we ask the government to do. We ask them to set up a prices review board. We have been making this request for the last four years, but the government has failed to act. There is no constitutional obstacle which stands in the way of setting up such a prices review board. This information would then be available to the Canadian people. The Canadian people would then know whether or not price increases were justified or unwarranted.

The second thing the government could do, if they found certain industries were taking advantage of the public, were fleecing the consumer, would be to ask the provinces for concurrent legislation to compel that particular industry to put its price back to the former level. We are not suggesting for a moment that we should have a wartime prices control board. The situation which exists now is not similar to wartime when there were shortages of certain materials which were essential for defence production. What we are saying is that there may have to be selective controls in respect of certain basic commodities if it is revealed by the prices review board that there have been unwarranted price increases.

I cannot see any provincial legislature in Canada refusing to give assent to concurrent

legislation requiring an industry to reduce its price to a former level if the prices review board revealed beyond any doubt that the price increases were unjustified.

Mr. Speaker: Order, please. I have to interrupt the hon. member to bring to his attention and the attention of the house that his time has expired.

Some hon. Members: Continue.

Mr. Speaker: Has the hon. member leave to continue beyond his allotted time?

Some hon. Members: Agreed.

Mr. Douglas: I want to thank the house and I will only take a few moments more. It seems to me the government would have the full co-operation of the provincial legislatures of Canada in taking very forceful steps to stop inordinate profiteering on the part of any industry when the prices review board revealed that price increases were not warranted. I wonder whether the government has ever asked the provinces if they would agree to such concurrent legislation? I wonder whether they have ever had any discussion with the provinces? Has there ever been a conference with provincial premiers to ask them if they are prepared to support such concurrent legislation?

Therefore, Mr. Speaker, within the constitution the government can do the two things which we are suggesting. They can set up a prices review board to secure information regarding why prices are rising, who is responsible and whether or not such price increases are justified. Second, the government can, if it finds the information provided by the prices review board suggests it is advisable, get the concurrence of provincial legislatures to enable this parliament to grapple effectively with the problem. The legislation with which we are dealing now will do absolutely nothing to stop profiteering and exploitation of the Canadian consumer. This legislation is like the giant economy size packages which one gets in the supermarkets. It is big and it is glossy. It may even have a handsome picture of "Mr. Clean" on the front. However, when you open it there is no more soap powder in it than there was in the old package. That is very much like the legislation. There is a lot of show; it has had a lot of advertising, but inside there is nothing that will protect the consumers against unconscionable profiteering.

• (3:50 p.m.)

I want to say to the minister that I know his image-makers are trying to portray him as the St. George who is riding forth on his white charger to rescue that fair damsel the consumer from the fiery dragon. However, unless the minister can bring down something more effective than this legislation he will be revealed as a Canadian Don Quixote riding a wind-broken mule and tilting at harmless windmills.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, I think I should say a few words on Bill C-161, an "Act to establish a department of corporate and consumer affairs." In my opinion, this department may become the biggest and the most important one we have, since it will be responsible for informing and protecting the consumer, for it must not be forgotten that although we have about seven million Canadians who work, seven million Canadian producers, there are more than twenty million consumers in Canada. These consumers need to be not only informed but protected, for at the present time most of them are being victimized, beginning with all those who eat bread.

It is a known fact that in Canada, bread is made with wheat flour, from wheat considered the king of cereals. It is also known that wholesome and easily digestible bread should be made with whole wheat flour. But at present, that flour is reduced, then vitamin-enriched and even lime-enriched, because lime makes it easier to store flour, whereas regular flour is very difficult to store. Under the pretext of eliminating preservation problems, millers think they can do anything they like, even remove from wheat the most important, the most beneficial part for a normal digestion.

Lime can be used to paint a barn and will certainly do a good job. Lime can even be used to fertilize land, to make it more productive. But I do not think health benefits in any way from it. I do not believe it is beneficial for the people to eat bread to which lime has been added.

In the field of prepared meat, the same thing is true. Under the cover of the Food and Drugs Act, all kinds of operations are tried providing the results are not poisonous. The gimmick I would like to bring to your attention is used often enough throughout the year, but more so during the fall or the winter. I am referring to fresh minced pork

that is being sold to the customers, to the Canadian consumers. It is not mentioned very often because it is mostly poor people's meat, the meat of the small man, and when those people are involved it seems that anything goes. Right now, the common gimmick concerns everything called pork, all the fat of fresh pork meat which should normally be sold for the production of soap. Nowadays, butcher shops collect this pork, this fat, store it in freezers and, at the same time, store any red meat the colour of veal; all that too is frozen in large blocks of one foot by one foot by three feet and sold in the cities and throughout the rural areas as veal scrap. Such carrion, such hide—call it what you will—is sold at 35 cents a pound; to it is added the soap fat frozen by the butchers, and an average price of 50 cents a pound is arrived at for something costing 22 cents a pound.

As far as sausage meat is concerned, the same thing is true only more so. There again, no publication, no newspaper dares talk about the process because sausage is also the meat of the poor. Those products are prepared with ordinary meat, coloured to the highest degree, to which is added one part of soap fat, which I mentioned a minute ago, and corn meal. So, with 35 cents a pound for ordinary coloured meat, 10 cents a pound for soap fat and 8 cents a pound for corn meal, which makes 53 cents for three pounds, you have a product that is now sold $1.29 for three pounds—on special—which means a profit of 76 cents for the seller.

Mr. Speaker, under existing laws, it may be said without fear of contradiction that chickens are better protected in chickencoops than children in their own family, because when a poultryman buys a bag of chicken feed, a tag is affixed on the bag, showing the content in animal protein. And in the case I am referring to, there is no law that forces those people to indicate the composition of their product.

As a result, I hope that the new department will see that the housewife is shown the percentages of meal, soap-fat and flour contained in the meat she is buying at the butcher shop.

Great improvements are required with regard to labelling and I think that labels should state clearly the weight or the quantity as well as the quality, because that is not always the case at present. Standardization of containers should also be carried out so that the housewife can easily compare prices.

[Mr. Godin.]

• (4:00 p.m.)

Today, whether we like it or not, information as to quality, variety and quantity is often greatly lacking. Several chain stores do not mention pounds, in fact not even ounces; they simply offer portions. Is it a morning, noon or evening portion? Is it a portion for a 51-pound child or for a 250-pound wrestler? At any rate, containers must be standardized.

In the directory distributed by the government two weeks ago, measures are mentioned, for instance. Quarts, and gallons are mentioned, in short we are told somewhat what is used in Canada. There too, we realize that fraud exists, because I remember for instance, that when my father was not yet known as a créditiste, when he was presented with a gallon of whiskey before election time, it was an Imperial gallon.

Today, when I purchase a gallon of antifreeze for my car, it is an Imperial gallon. But when my wife buys a gallon of fruit juice, it is an American gallon, and everyone knows that the American gallon contains three quarters of a quart less than the Canadian gallon.

So, all fruit juices now available to the Canadian housewife, whether orange, lemon or tomato juice, are sold in American measures when they come in gallon cans; however, these juices for sale in quarts are in Canadian measures, or Imperial quarts.

Moreover, children still learn in school that there are four quarts in one gallon, while the housekeeper still gets only 3¼ quarts for her gallon.

Mr. Speaker, I hope that the new department will arrive at a standardization of containers and that when the housewife buys a gallon of fruit juice, she will get as much as the head of the family when he gets his gallon of whiskey.

The day before yesterday, the minister told us how much he wanted to help the small people. The previous speaker repeated what the minister said, that much needs to be done for those people.

They will be protected against bad salesmen and high interest rates, and I suppose it is very good to appear to protect them in that respect, but I have yet to see in the bill that the minister intends to protect them against taxes, indirect and hidden taxes, although they account for 25 per cent of the increase in the cost of living since 1960.

Does the new minister intend to disclose the secrets of the tax burden? Will he make public, for the benefit of the people, the many hidden taxes? Will the public finally get to know which taxes are paid by the manufacturer and which are paid by the retailer? Will it finally get to know about all the taxes imposed on buildings, about all the taxes charged here and there?

Since neither the miller, the baker, the grocer, the shop owner, the truck-driver, the railways nor the manufacturer ever pay taxes but just add those taxes to the price of their goods, we come to the conclusion that the only one who pay taxes are the people. Does the minister therefore intend to inform the people of the multiplicity of those hidden taxes and is he going to tell them through what kind of clever jugglery those taxes are collected?

As reported on page 3213 of *Hansard*, the minister also spoke of minority groups like those with low incomes who find it harder to make ends meet.

Well, let me tell the minister here that he should try to be better informed because if he wants to look after people with low incomes who can hardly make ends meet, he will find they are not a minority but the majority.

For his guidance the minister should read the May 5, 1967 issue of *Travailleur canadien*. In the city of Montreal—the minister may perhaps not be too well acquainted with that little corner of Quebec—where the threshold of poverty has been set at $2,250 per family, it is proved that 1,032,000 persons or 48.6 per cent of the total population in greater Montreal and the city itself, live in destitution, in extreme poverty or in want.

Had the threshold of poverty been set at $2,500 a year for a family of four, that percentage would be 68 per cent.

When the minister speaks of helping the small wage-earner I trust he will think of the 68 per cent of the population of the city of Montreal and all the others across the country.

Since it has been shown that taxes take up one third of our revenues, it is obvious that for low income workers, hidden taxes are much more costly than income tax.

Again, I hope the minister will warn the public; he will no doubt do so by saying: Dear citizens, we are protecting you against wolves and various monsters.

In reality, where are those wolves, those monsters? It is easy to say to manufacturers and dealers: we will protect you. But against what, against whom? In the manufacturing, wholesale and retail sectors, the governments' take is several times larger than that of corporations, in one fiscal area alone, such as sales tax.

Take for example the 11 per cent tax on building material. Since the wholesaler only gets a 3 per cent commission and the retailer only makes 5 per cent profit, this means that the two tradesmen who take care of the financing and transportation of these materials the two business concerns, the two associations and the two companies involved only make 8 per cent profit, while the government alone takes 11 per cent—not to mention the 8 per cent provincial tax which is added to all this.

The same happens with regard to car sales. About $800 must be paid in excise and federal sales tax on a car assembled in Sainte-Thérèse and sold for about $3,500 in Quebec. The 8 per cent provincial tax which is added to this amounts to about $300. This means that the federal and provincial governments together take in about $1,100 in tax while the salesman, who has to face competition and an uncertain future, has to make do with a small profit of only $125.

Fortunately, there are still some honest manufacturers and dealers who are conscientious and eager to serve their clients properly. It is useless to hope to serve a client properly when taxes account for a third of the bill.

Unless legislation is passed to remove 50 per cent of taxes, the creation of this department will lose 75 per cent of its effectiveness. The department may attempt to protect future home owners, by giving them some information on the quality of materials used, but it will be to no avail, the price of materials being prohibitive as a result of heavy taxes included in the price.

Recommendations may be made to prospective home owners, but they will be of no avail if the Central Mortgage and Housing Corporation will not make loans at an interest rate lower than 8¼ per cent.

I wish to remind the government that it would be appropriate for the Bank of Canada to supply Central Mortgage and Housing Corporation with the funds needed in order to enable the C.M.H.C. to finance housing loans at a lower interest rate.

• (4:10 p.m.)

At this stage, I am pleased to mention that the Créditistes are not the only ones to ask for a reform of the present system, and I want to quote from a brief presented by the Co-operative Council of Moncton to the joint committee on consumer credit at its sitting of March 21.

As recorded on page 2941 of No. 39, that association dares make recommendations to the government concerning the function of money and credit, and I quote:

> In the field of trade, the function of money or credit should be to move goods or services. It should not be controlled as a commodity. Even now the chartered banks are largely bookkeeping institutions, and have the control of the creation of money or credit as a commodity which has tremendous influence in the business world and can set our interest rates. The cost of money or credit should not be more than the bookkeeping costs that are involved in keeping the records, but, when it is controlled as a commodity, it is used to restrict or expand the movement of goods at the will of those who control it for the purpose of making gain, and not solely for the purpose of servicing trade.

A little further, it is recommended in the brief:

> That the Bank of Canada assume more control of the creation and distribution of needed credit (money).

The new department will be efficient, provided the consumer is in a position to consume and to pay for what he needs for his maintenance, which is not the case at the present time for large families. They should be the best consumers but to deserve that title they should receive family allowances three and even four times greater than what they are now, and as soon as possible.

The unemployed also are poor consumers at the present time. In order for them to get their share and to give them a place on the labour market, the government should lower the eligibility age for retirement pensions as soon as possible to make it available to all those people who have earned a well deserved rest after 40 and 45 years of hard work.

In conclusion, Mr. Chairman, I wish the minister well in his new functions and, for his information and for the benefit of all the Canadian consumers, I recommend the perusal of No. 39 of the proceedings of the special joint committee of the Senate and House of Commons on consumer credit, especially the report of the sitting of Tuesday, March 21, 1967. I invite him to read this document over and over again because he will find in it all the arguments and all the information necessary for a just and efficient administration.

[Mr. Godin.]

[*English*]

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I believe that the measure now before the house represents the response of the government to increasing demands on the part of the general public for assistance in meeting some of the problems which face consumers in our country today.

It appears that the marketplace, like everything else, is becoming an ever more complex institution and those who make purchases are faced with a great many confusing situations. It is my belief that within this new department of government there will be ample opportunity for activities designed to meet a great many of the problems which face our people at the present time. If the government looks upon this new department solely as a means of quietening public protests, I suppose not very much will be achieved. On the other hands, if the new department is regarded as a means of meeting a very real challenge in our society, I believe many of the problems we face will be overcome and that in a number of ways the department will make an important contribution to the welfare and well-being of Canadian consumers.

There are many considerations which should occupy the attention of the new department if and when it is set up, and it appears to me that a number of these are of vital importance since they come so close to the consumer and have caused the consumer such concern and bewilderment, particularly in recent months. First, I should like to refer to the cost of living as we find it today. When we look at the charts we discover that the cost of living is constantly increasing. On the other side of the coin we find, of course, that there is a corresponding depreciation in the purchasing power of the dollar. This is causing our people a great deal of concern, unhappiness and in many cases hardship.

I do not intend today to discuss the effects of the cost of living in detail. This has been done on many occasions in the past. Indeed, whole debates in this house have been given over completely to discussion of this subject. But we have to remind ourselves that even though increases in pay have offset the effect of the rise in the cost of living for many of our citizens, there are still great numbers of people who are obliged to live on fixed incomes. These people, certainly, are caught in an economic squeeze.

We have heard on many occasions about the situation in which superannuated public servants find themselves. We are aware of the difficulties experienced by those who live on veterans allowances, disability pensions and other types of pensions. All these people are faced with an ever-increasing problem in procuring even the basic necessities of life. In some instances, at least, the government has seemed to be oblivious of this problem and its delay in seeking a solution is most disturbing to those involved.

I should like to refer to the promises which we have been given on many occasions in connection with possible increases in veterans pensions of various kinds. Whenever this question has been raised, and it has been on a number of occasions, the minister responsible has indicated that increases are under consideration but that because of delay in the completion of various reports it has not been possible so far to meet the demands of veterans organizations or those speaking on their behalf. On a number of occasions the minister has told us that if these reports were unduly delayed consideration would be given to the introduction of interim increases. He has told us this more than once, and the reply is now becoming monotonous since we all know that the reports have in fact taken far longer to complete than might reasonably be expected.

Hon. members have been told that the matter is under consideration. Meanwhile, these pensioners must continue to face an almost impossible situation in endeavouring to provide themselves with the necessities of life. In this area the minister responsible for this new department and his officials will have a job on their hands endeavouring to meet the needs of those who are directly affected by the increase in the cost of living which is taking place.

I should not like to take at face value statements which have been made to the effect that the federal government does not have jurisdiction or competence to deal with this problem. The constitutional limitations have been referred to today but I believe the minister and the government do have at their disposal some means of persuading those who are responsible for the price increases to take a careful look at their actions and endeavour to bring them more in line with reality and the requirements of our day. This is one thing which is very close to the hearts of the people since it affects the day to day living of all of us. For this reason I would urge the minister and the department, if and when it is set up, to give these matters prior consideration.

• (4:20 p.m.)

I should like to refer now to one of the recommendations of the special joint committee of the Senate and the House of Commons, to be found on page 2184 of the committee proceedings. The committee recommends (a) that a department of consumer affairs, headed by a minister, be established and (b) that immediate steps be taken to promote standardization and simplification of grades, nomenclature and packaging for commonly purchased consumer items.

Here again we have a situation that is very confusing so far as the consumers are concerned. I would like to refer to a matter brought to my attention by one of my colleagues. He went into one store where he saw instant coffee advertised at a certain price. The product bore only one price. A short time later he went into another store and saw the same product labelled "30 cents off", yet its price in the second store was a little higher than the price in the first store. Consumers have great difficulty figuring out such things, and these are matters that should receive attention.

Packaging also gives rise to confusion. Reference was made this afternoon to the example of a large, beautifully coloured package of soap flakes which, when it was opened, was found to be only two-thirds filled with the product. A consumer looking at such a gigantic package in a store would think he was getting a good bargain but when he brought it home be would find very little of the product in it.

An hon. Member: The rest would be filled with Canadian air.

Mr. Patterson: Yes, filled with Canadian air. Another matter worthy of consideration is that manufacturers are resorting to half ounce and quarter ounce measures; yet their packages containing such measures are practically the same size as those holding a greater weight of their product. I do not say that these people are deliberately trying to confuse and mislead the public, but I can think of no other motive which would prompt them to use such types of packaging.

I should like to relate an incident which happened to me just last Saturday. My wife and I were driving back to Ottawa at about the time stores were closing and so we went into a store in a small town not too far from Ottawa to do some shopping. In it I noticed a

sign over a tray holding packaged bacon. The sign read "69 cents". I walked over and, not paying too much attention to the sign, picked up a package of bacon and saw it was marked "89 cents". When I looked at the overhead sign I saw it referred to something else altogether. It was not advertising the price of bacon as 69 cents, but a customer looking for a package of bacon would assume the price was 69 cents and only when he reached the check-out counter would he discover he had to pay 20 cents more than he anticipated.

Some months ago I was in another store in Ottawa looking at bacon. I saw it was advertised at a certain price. I picked up one package and saw it bore a different price from the package beside it. The first package was substantially lower in price than the second, but then I found the first contained only six ounces and the second eight ounces. Unless a person really examined them he would take them to be two half pound packages of bacon but with different prices. I am not running down the retailers but I do say they should consider their selling techniques and merchandising practices more carefully. When I picked up the first package of bacon I had to look carefully to see "six ounces" marked on it because the price was stamped right over the weight. I called the manager of the department and asked him, "Why is it that the price of the product is stamped right over the weight?" He replied, "I have told the girls here not to do that time and time again but they keep on doing it." I suggested to him that he had better desist from that practice as some problems might arise for him in the future.

Consumers should have some protection from such practices. Those responsible for them should have them brought to their attention. They should be warned that unless they desist and become more honest and straightforward they will be called to account.

Today I received a letter from one of my constituents in which he wrote about the price of drugs. He pointed out that the sales tax had been removed from drugs but on prescriptions which he has to have filled twice a month the saving to him is only five cents, far less than the amount of tax removed from drugs.

In regard to current interest rates I wish to draw attention to the daily bulletin of the Dominion Bureau of Statistics for Friday, October 13. It shows the extent to which the people of Canada are mortgaging their future. It gives the balances outstanding on the books of sales finance companies for consumer goods, small loan companies for cash loans and instalment credit, department stores, furniture, appliance and radio stores, chartered bank home improvement loans, and other personal loans. If my arithmetic is correct the amount outstanding is about $7 billion. This is the extent to which the people of Canada are mortgaging their future in certain fields of credit buying and borrowing.

It would be interesting to discover how much interest is being paid on this amount. In some of these categories we know that the consumers are being called upon to pay exorbitant interest rates, but the unfortunate thing is that a lot of people do not know how much interest they are paying. They are inclined to look at the monthly payment involved, and if they can fit that into their budget then they say it is all right. They simply do not know how much they actually will pay in the long run. When the new department is established I suggest it take a careful look at the whole matter of interest rates and insist that the consumer be given some protection.

We must ask ourselves, will the establishment of this new department be the answer to the problem that is facing us? I have been interested in the reactions of hon. members to the introduction of this legislation. Even those who have been most anxious to have a department of consumer affairs established have been somewhat cool in their response to it. They suggest it does not go far enough. They may think it is not adequate to meet the situation but I believe they should welcome it as a step in the direction in which they thought the government ought to move.

• (4:30 p.m.)

As I have said, there has not been a joyful reaction to the introduction of this legislation. My colleague, the hon. member for Okanagan-Revelstoke (Mr. Johnston), outlined some of the dangers and problems the minister must face in trying to put this department into operation. He mentioned the difficulty the minister would face in endeavouring to get the co-operation of the other departments of government. He mentioned particularly the Departments of Agriculture and Industry and suggested that perhaps their interests and concerns would be at variance with the programs that the minister of corporate and consumer affairs would endeavour to implement. I do know that if we are to face the problem of the rising cost of living adequately the minister must try to get the co-operation of all the ministers.

I should like to refer to a comment made by my colleague, the hon. member for Red Deer (Mr. Thompson), on December 28, 1966. I read it because I believe it calls attention to a very important aspect of the problem. He said:

> It is estimated that total national earnings for 1966 will run in the order of just over $40 billion. Governments, including federal and provincial, will require $20 billion to pay the bills to the end of the year. By applying simple mathematics, it is easy to see that almost half the money we earn goes to finance governments.
>
> There you have it as promised—the real villain—government. The time is long overdue for government to turn itself in, stand before the public judge and admit its guilt. A judge must temper justice with mercy. If a lawbreaker is prepared to make full restitution to society, there could be justification for clemency. I would suggest that clemency might be granted if government administration costs and non-essential spending is held steady for a few years—if the cost of public capital development could be financed from the Bank of Canada—if neutral government fiscal policies could be replaced with aggressive and expansionist policies which encourage private capital, enterprise and initiative and then there would be money within present tax incomes.
>
> The assets of this nation—Canada—are her great resources—natural resources, most of which are untapped. In addition, there are her great credit resources. Unless our credit resources can be used in such a way as to assist in the development of our natural resources so that the ratio of taxes to national earnings is lowered, Canada will continue to have higher taxes—more governments—more tight money—and higher living costs.

In line with this suggestion I believe that the minister ought to proceed to take issue with his colleagues on the matter of government spending, because increased taxation and the cost of government administration naturally have a bearing on the increased cost of living. Therefore, when the minister is looking around for the culprits in these fields I trust he will not forget his colleagues in the cabinet and will talk the matter over with them.

My colleague from Okanagan-Revelstoke also mentioned the possibility of there being a battle between the consumers and the primary producers in the context of the operation of this department. I suppose the minister will be caught in the squeeze between the legitimate demands of the primary producers for a fair return on their products on the one hand and the interests of the consumer who is looking for a lowering of the cost of living. This will be another problem which must be faced.

Much has been made of the matter of proliferation in the civil service. I know the minister has assured us that there will be a very minimal increase so far as this new department is concerned. He said it would be more a matter of a change of name and the realignment of certain responsibilities and fields of activity. However, it will be remarkable if this change can be effected without a substantial increase in staff in order to ensure the effective operation of the department. I can assure the minister that we will be watching this very closely in the days and months ahead as this department gets into operation, because we cannot visualize a change-over like this taking place without a substantial increase which naturally will add to the increased cost of government operation.

I wish to call this matter to the attention of the minister so that if and when this department is established and he faces these problems he will put these things on a priority list because I believe these are matters which are closest to the hearts and to the needs of the people. The minister will be facing a tremendous challenge in carrying through the responsibilities outlined by him briefly the other evening. He mentioned protection, quality, information, representation and involvement. I am sure that in the working out of the affairs of the department he will have his hands full. However, if the department is successful in meeting the needs he will have the gratitude of Canadian consumers.

Mr. P. B. Rynard (Simcoe East): First of all, Mr. Speaker, I should like to congratulate the hon. member on his elevation to the portfolio of corporate and consumer affairs. I was very interested in his classical torrent of words. He ended up with a witch's brew which reminded me of an old professor who described a fellow as having obstipation of thought and a torrent of flowing words. This is about how I would sum up the speech of the minister which took an hour and 40 minutes. I give him marks for trying to put on a good face, because he did his best and nobody will deny that. I hope that in this department the minister will be able to exert a lot more influence on the government than he has indicated he has power to do to date. Perhaps he should have been appointed to the portfolio when the government came into power.

I am one who believes that a government, as well as the retailer and businessman, should be held responsible for its excesses. It is no secret that the consuming public, the voters, certainly have needed protection from this government over the years it has been in power. I should like to mention a few things in respect of which the public might have

been protected—the highest interest rates in the history of this country, the highest cost of living, the highest mortgage rate, up to 8¼ per cent, and on top of that the 11 per cent sales tax which falls on the consumer.

The government apparently has now had a little change of heart. Is it a change of heart or is it just a little window dressing? Today young couples cannot afford to buy their own homes. The consuming public is paying higher taxes than ever and yet we have been living in a very favourable economy, almost boom times. The government is in debt in the amount of $750 million on trade alone. One good reason for the setting up of this department, if there is any reason at all, would be to give the government an opportunity to watch itself and protect the consuming public in respect of what the government is doing.

• (4:40 p.m.)

The minister mentioned the low income consumer, the old age pensioner; and those who are receiving other social security benefits or pensions, all of whom must use their dollars effectively. Does the minister not realize that every new tax or tax increase imposed, no matter whether it is at the municipal, provincial or federal level, affects the purchasing power of the people of this country as much or more than some of the things such as price increases about which he spoke yesterday and the day before? The minister is adding personnel to the bureaucracy in establishing this new department. These additional people will have to be paid from taxes. I hope the minister will not forget that Parkinson's law is operating rather insidiously in the government. All the minister has to do is look at the record to realize that this is so. We hope he will employ in the department only that staff which is essential.

We must bear in mind in this connection that the Economic Council of Canada did not recommend the setting up of this department. Does the minister know how many departments of government, provincial and federal, are now duplicating their work, carrying out the same check-ups and providing the same services across Canada? Does he know how many departments at different levels of government are fringe-duplicating services in respect of checks on industry and the stores across this land? I think it would be interesting if the minister would outline what programs he intends to launch or assist. Is this to be done through the medium of the newspapers, television or radio? Is it to be done at the provincial or the federal level?

[Mr. Rynard.]

With respect to the cost involved in establishing this new department, I notice that the minister says it will not be very much, only $2 million. That may not sound like a great deal of money but it represents ten cents more in respect of every man, woman and child across Canada. That is what is involved, and it is just the start.

Mr. Nielsen: What's two million?

Mr. Turner: On a point of order, Mr. Speaker, I am sure the hon. member read or listened to my remarks very carefully when I said that this was a considerable sum of money.

Mr. Rynard: I thank the minister for telling me that, Mr. Speaker, and I am very glad he appreciates it. This is one of the reasons why we will be very careful to see that the minister watches all those expenditures of government which have got out of control. This is why it may be a good idea that we will have a minister to control government expenditures and protect the consuming public.

Mr. Nielsen: What is he going to do?

Mr. Rynard: I should like to ask the government what is wrong in this country today. Canadians are today buying more securities from foreign sources than ever before. They do not believe our management is good enough. In one month alone $45 million more securities were bought in Canada from the United States than were bought from Canada by the United States. And we must remember that the population of the United States is ten times that of this country.

I hope the government realizes the very serious position in which they are putting us. No country in the world today has the natural resources per capita that Canada has. Our natural resources per capita are much greater than those of the United States. This government needs top-level management. We do not need so many commissions or departments but rather top-level management.

The Economic Council of Canada has indicated that the government is a pretty bad spender. Perhaps this was the reason the government decided to appoint a minister to look after consumer affairs. If that was the reason, perhaps they have hit on something for the first time. If anyone thinks that we do not need consumer protection in this country and control over the money the government spends, let him consider the situation in Canada against that of a comparable country.

Let us examine the period from 1963 to 1966 when this government was in power. We find that in this period public spending in the United States rose by only 25 per cent. In Canada public spending rose by 35 per cent in the same period. There is a differential of 10 per cent, and it is a good indication that we need somebody to protect the consumer.

Mr. Nielsen: And we are not fighting a war.

Mr. Rynard: And, as the hon. member for Yukon (Mr. Nielsen) says, we are not fighting a war as is the United States.

Mr. Nielsen: We are only fighting a war against the government's high spending.

Mr. Rynard: The consuming public certainly requires protection from the spending of the government, and we hope this minister will provide that protection. There is another area in which we need consumer protection. In 1949—this is a bit of a shocker—the price index stood at 100 and government expenditure was only $283 per capita. Today the price index is 150 and government spending is $1,000 per capita.

Mr. Nielsen: An increase of 11 points since this government has been in office.

Mr. Rynard: Perhaps I am making the minister's job more solid because I have indicated that we need him. We badly need somebody to watch the spending of the government. I hope the minister will take these remarks in good spirit because I really mean what I am saying. It is also interesting to note that this government collects approximately twice as much in income tax as was collected in 1961. This is the No. 1 reason why the consuming public requires protection. I hope the minister will give top priority to this aspect of his responsibilities.

Let us consider the situation of the consumer who purchased 3 per cent perpetual government bonds in 1937. I can see by the minister's expression that he knows what I am coming to. I do not know whether he has looked at the record, but I would tell him that today those bonds are bid at 47 cents on the dollar. If there is one thing that can create an aura of dishonesty and default in this country, it is when government bonds are bid at 47 cents on the dollar.

The minister could tell his colleagues in the cabinet that this situation might come under the heading of fraud and deception, which is one of the matters he will be investigating. We look forward to seeing that these bonds are paid for pretty promptly when the minister assumes his new responsibilities. I hope I do not have to remind the minister that in 1961 the Conservative government had a positive trade balance and today we have a trade deficit of over $750 million.

I notice also that four fields of government activity were classified by the Economic Council of Canada as being fields which should be investigated. The first was protection against fraud and deception; second, protection of health and safety; third, protection of products standards and grades; and fourth, preparing consumer information. This is a large field, and dozens of provincial and municipal governments across the country are now licensing and legislating in these areas.

What is the minister going to do about consumer credit? A great deal of consumer credit is now under provincial control. Will this department be another bureaucracy created to make people think the government is doing something, when in the long run it will mean they will be saddled with the expense of another bureaucratic department? Could not all these things have been accomplished by the Registrar General (Mr. Turner)? I believe we all have quite an admiration for the Registrar General, this young man from Montreal. I think he is a likeable fellow. I just wonder whether he as Registrar General could not have accomplished every solitary thing that he says he will accomplish in this new portfolio.

• (4:50 p.m.)

In financial affairs there is no difference between the government and the people from whom it collects taxes except that it has a little more collateral. This year the government will still have to find, after it has sold its Canada savings bonds, $300 million or $400 million of new money with which to meet its present commitments. I do not say this in a partisan spirit or in a spirit of antagonism. What I am saying is that we are in a bad situation and it is about time we started to get down to brass tacks and to think of the Canadian consumer and the Canadian taxpayer, the little fellow who is making Canada and keeping the wheels turning. I say this in all sincerity.

Further, I should like to know what tinkering the minister proposes with the patent laws, particularly as they affect drugs. We must remember the general principle that if all imports were allowed to enter Canada

free of tariff we would have little secondary industry in this country. There are certain reasons for this but I do not intend to go into them at this time. The Economic Council of Canada sounded a warning in this regard in its interim report. I hope the minister has read it.

If the minister does tinker with the patent laws concerning drugs, how many people is he going to throw out of work? Will it be 2,000, 5,000 or 10,000? In the last few days we have all been gravely concerned, as we should be, about the 3,000 people in Nova Scotia who may lose their jobs. I hope measures will be taken by the government to see that a solution is reached which will enable these people to continue working.

I wonder whether the minister knows that Mr. Henry—I am sure he knows Mr. Henry very well—who proposed the changes in the patent and trade mark legislation to the Harley committee, based them on the assumption that we could get along very well without a drug industry in Canada. I hope the minister understands that because it is a very important point. Before the minister changes the patent and trade mark laws, will he indicate to the house how many firms might well close up shop in Canada and manufacture in the U.S.A. where productivity is about one third higher per worker or, for that matter, manufacture drugs in European countries where labour costs are lower? If these companies did move out and we imported our supplies, what would become of the nearly 3,000 university graduates who work in the industry in Canada, each of whom has cost the taxpayers a great deal of money from the baby bonus onward and represents at 30 years of age a potential earning capacity of nearly $1.5 million to the country to which he might go?

Do we give up our own research and depend on some other country, or will we be stuck with paying through the nose to the country that does our research in lifesaving drugs which are not in common use but are needed occasionally? I wonder how much this will increase our already unfavourable trade balance? However, I will not pursue this subject further at the present time as there are several other matters which can be explored. My only desire is the safest of drugs at satisfactory prices.

About 50 years ago 60 per cent of the retail sales were made either on a cash basis or on a credit basis with accounts payable at the end of the month. Today we operate on a basis of 60 per cent credit or more. Some of these sales are made on revolving credit accounts whereby we establish credit for the articles we want to buy and make monthly payments thereafter. If the payments are kept up one may from time to time make additional purchases on the same account. What are the finance charges under this credit arrangement? I wonder whether the minister can tell us. Does the buyer know and does the government know what these charges are?

About 50 years ago one could obtain a cash discount. Today there are no cash discounts. We buy on credit more often from companies which can establish their own credit terms if and when they require them, sometimes at 6 per cent on the present market. These companies are often large outfits which use this money to make loans and in this way make money on money. It is only fair to say that the administration costs must be taken out of the 12 per cent profit. It is also only fair to say that once a person obtains a revolving credit account he tends to continue buying from that company without shopping around and he often pays prices which he would not pay if he were able to compare prices and had not established that line of credit.

Would the minister give us an idea as to what he proposes to do in this regard? Are the largest department stores going to be allowed to run their own credit business as they like? What is to be done with the finance companies which have gone into the car rental business and have cut into car sales? Should supply and demand rule here? What is to be done with regard to those companies which build homes and sell them completely furnished? They are interfering with the furnishing business and with the suppliers of electrical equipment. How is the small businessman to be helped in order to compete?

We know that the use of money must be paid for, but this was not always the case. At one time the collecting of interest was an offence. It was not until the sixteenth century that interest became an accepted fact and it is only in the present century that consumer credit became a fact of life. Consumer credit is profitable in many cases and keeps the economy moving. It is a service to many young people who wish to get married and acquire the necessary household effects. It is an accepted method of conducting business. However, it happens quite often that the consumer buys where he has established credit without checking or comparing prices.

In many instances he does not have the incentive to shop in other stores for bargain sales which are often held during certain seasons of the year. A justification will have to be made for the establishment of this department.

I should now like to go on to the subject of advertising. I am particularly concerned about this field. Today a question was asked in the house with regard to cigarette smoking. Cigarette brands are being advertised extensively. We hear about long cigarettes and long filters. We are told this is the cool cigarette, this is the right smoke, one that gives you a lift. What are we doing about it? The department of the Minister of National Health and Welfare has done a little work on this subject in the last three or four years ever since this matter was brought up in the house. I should like to ask the minister what his ideas are on that subject and what is he going to do about it. If anything is needed to spur him on, it is this article which appeared in today's *Globe and Mail*, part of which reads as follows:

> A Toronto surgeon who has made a study of lung cancer, yesterday accused the tobacco industry of "callous disregard of public safety" in introduction of the 100-millimetre cigaret.
>
> Dr. Norman C. Delarue, assistant professor of surgery at the University of Toronto, said this action focused clear light upon the industry's intent: the long cigaret was purely a sales gimmick.
>
> Dr. Delarue told the closing session of the annual meeting of the Ontario Chapter of the College of General Practice of Canada that government, industry and physicians should take certain steps.

I hope the minister will listen carefully to what I have to say now because it is important. I believe the government should immediately outlaw 100-millimetre cigarettes and should set the maximum tar content of cigarettes at 15 milligrammes and the maximum nicotine content at 1.6 milligrammes. It should also insist on more straightforward labelling. I wonder what we will have to do to stir the government out of its apathy and get some action.

• (5:00 p.m.)

I want to say that I believe that now we have this young, ambitious minister he may be able to find solutions to some of these problems. I say that again in all sincerity. He and I have been friends ever since he came into this house. I have admired him and his capabilities. But I was a little bit ashamed the other day when we had to listen to him for an hour and forty minutes saying nothing. He really let me down. Nevertheless, I do like him and I think he is generally liked.

If we need to add to this evidence, Mr. Speaker, we can cite the fact that the directors of the American Cancer Society have recommended that cigarette advertising be ended. I want to tell the minister that this is his cue. Let him act right away. Let him make a name for himself by ending the advertising of cigarettes right now. It is stated that advertising is too persuasive, too valid and too vital a part of the life of the American continent to be used in the sale of such a lethal product as the cigarette. This, Mr. Speaker, is the key to the whole problem. If the minister listens, if he catches on, he will immediately start to work with his colleague the Minister of National Health and Welfare (Mr. MacEachen) to put an end to this advertising. We have to stop this nefarious trade. In another article, in the *Gazette* for October 16, 1967, it is stated that the death rate has been cut down but the number of lung cancers in women is increasing as the effects of cigarette smoking are being felt.

I should like to conclude by saying that the minister will justify the establishment of this department only if he proves to us he is doing something for the working people of this country. He will have to prove that he is sincere in what he is doing. I hope he will not end up, as the hon. member for Yukon (Mr. Nielsen) said, sitting in his goldplated Cadillac. We would not like to see this handsome young man—he has been blessed with good looks—sitting in his goldplated Cadillac with no gas in it. We would not like to see him, as the hon. member for Burnaby-Coquitlam (Mr. Douglas) said, riding that old winded horse. I am sure none of us wants these things to befall the minister. All of us wish him the very best, but when I heard that hour and 40 minute speech I could not help but think of those words of Oliver Goldsmith, I believe, which I will paraphrase this way: "As on and on he went, the wonder grew how one small head could carry all he knew." As I said before, I have high regard for the minister. I hope he will not let us down and I wish him the very best in his department.

[*Translation*]

Mr. Jean-Pierre Goyer (Dollard): Mr. Speaker, the bill before us deals with the establishment of a department of corporate and consumer affairs.

We note in reading section 6, that one of the main purposes of that department will be to promote the interests of the consumers, to protect them and see to it that they are

better informed. Certainly everyone approves and commends all these objectives because everyone is of the opinion that the government must do everything in its power to ensure better protection for the Canadian consumer.

When General Eisenhower was still in Europe and he was approached and offered the candidacy of the Republican party in the United States, reporters asked him: What do you think of the rise in the cost of living? Do you think that citizens accept it? Do you think that it is normal? And General Eisenhower replied: When my wife comes back from shopping, she feels that the cost of living is increasing and that it costs a lot to live today.

That was many years ago and today we are still faced with the same problems. But the government has decided to set up a department which will deal specifically with ways to improve the lot of all Canadians.

The problem of protecting the consumer is not simple and easy to solve. In fact, it is an extremely complex problem, which has ramifications in practically all sectors of the economy, and it is of course a problem which creates a lot of interest since the ordinary citizen has each day the opportunity to realize its implications.

Everyone agrees on the objectives the government has set itself but some parties obviously disagree about the ways to achieve more successfully the objectives sought.

The Conservative party has made known its official policy through its spokesman, the hon. member for Yukon (Mr. Nielsen) who, during his whole speech, has maintained that the minister's powers were inadequate—they should be increased and should have more teeth. He made his point so well that one wonders if the Conservative party has not initiated a new policy, if it is not drifting towards direct price control as was done in wartime.

And I should like to quote part of the speech delivered by the official spokesman for the Conservative party. As it is recorded in *Hansard*, on page 3239, the hon. member for Yukon (Mr. Nielsen) said:

[*English*]

The government is going to try to persuade everybody in a friendly fashion to toe the line. That is all the minister can do under this bill. He can cajole, threaten and persuade, but he cannot enforce. The legislation has no teeth.

[Mr. Goyer.]

• (5:10 p.m.)

[*Translation*]

This is proof that the Conservative party through its official spokesman would like the government, if not directly at least indirectly, to implement a price control policy.

Is it the result of the last convention? Would the official leader of the Conservative party be ready to support his spokesman in the house and state that he unreservedly approves his policy? Is it really the new policy of the Conservative party? This is still doubtful and the answers are yet to come.

While the same hon. member says that the bill does not contain sufficient power and that the government will fail to attain its objectives, he adds that it is absolutely useless to increase the number of officials and to increase expenses to achieve the government's purpose.

What does the Conservative party want exactly? Does it want legislation giving broader powers but without providing the required staff to implement it? Does the Conservative party want to resort to political expediency? Does it simply wish to throw a smoke screen? This would be quite consistent with the new image of the Conservative party. This would reflect exactly the policy of Mr. Camp when he told the Canadian people: We must put an end to all our military alliances. And in the next paragraph, but with much less emphasis he added: That program could be carried out over a ten-year period.

This is exactly the same policy now being advocated by the Conservative party, when they say: We want the government to have much broader powers, but not the staff to administer the department, to support the minister.

It is an inconsistent policy and, surely, the people of Canada will not accept it gratuitously and without discussion.

As for the N.D.P., by repeated references to the fact that they do now want to revert to wartime and pursue a policy of direct price control, they lead us to believe, although indirectly, that the government should have had a price control policy.

Why not come out with it if a direct price control is being advocated? Why beat around the bush and suggest to the people that something should be avoided but that nevertheless every means should be employed to achieve it?

This is still an expedient lacking frankness and realism.

Consumer protection does not involve protection only against prices, but also a method of payment. It is urgent that the government lay down a clear-cut policy on the exact amount the Canadian citizen will have to pay when he borrows money.

Protection in that field is even more important in our present-day economy for it is certainly more urgent to protect the small consumer.

Another way of protecting the consumer is to ensure his safety, to look after his health. Those are some of the aims this bill is pursuing though they seem to be ignored in this debate. The government has already done a lot in that field and the centralization of powers within one department will surely enable the latter to increase its efforts.

Another matter is often mentioned here, ridiculed and scoffed at by opposition parties whenever the government mentions it: the constitution. Naturally, the hon. member for Yukon (Mr. Nielsen) did not miss his chance yesterday to follow the policy of his party.

Is it really the new policy, or is it not rather the continuation of the former policy of the Conservative party? Has the election of a new leader changed the Conservative party so much that the new leader can go throughout Quebec and proclaim that the rights of the provinces must be respected, that we have a constitution which, assuredly, must be improved, but which must also be respected, while here, in the house, in the capital of the country, the official spokesman of the party scoffs at the constitution and at the government for wanting to respect it?

Mr. Speaker, is it not normal for a government to obey the law of the land? Would the hon. member for Yukon advise the new minister not to obey the law of the land? Would he want the government not to set an example for the people of Canada, by telling the government not to mind constitutional problems but to solve all the problems facing Canadians, directly and above the law?"

Undoubtedly, if the government did that, the hon. member for Yukon, the great inquisitor of this house, would be the first to rise and blame the government. But the hon. member prefers at this time to make innuendoes and to urge the government to break the law, in order to better criticize it later on. Such tactics cannot fool the government or the Canadians.

Let the hon. member for Yukon be completely fair in his submission and let him suggest a change in the constitution if it cannot meet the present needs of the consumers. In my opinion, it would be a lot more honest; besides, the leader of the N.D.P. (Mr. Douglas) did so earlier.

Be that as it may, the constitutional problem cannot be avoided even if it proved to be a good thing for some to do so. In that respect, I refer the house to the report of the Economic Council of Canada on consumers affairs, especially to page 27 which reads as follows:

> In view of the complex jurisdictional questions which arise in almost every area within the consumer field, co-operation between federal and provincial governments and between the provinces and their municipalities is necessary if consumers are to have adequate protection, especially in matters relating to health and safety, and to economic fraud.

The problem is honestly stated, and that is what the government intends to do when introducing this bill. It does not want to deceive the people by saying that it has full responsibility and jurisdiction to solve the consumers' problems in Canada. On the contrary, it says honestly: We do not have full powers but we shall do everything possible to achieve co-ordinated efforts in order to assist, protect and advise the consumer. And these are exactly the purposes of this bill: research, information and co-ordination of efforts. Again, in the same report of the Economic Council of Canada, on page 28 it says:

• (5:20 p.m.)

> It is clear that the range of consumer interests is so wide and so diverse that it is not possible for a single department of government, or indeed even a single level of government, to deal effectively with all of them. Also, there is much that consumers themselves and business representatives can do to enhance consumer welfare, providing necessary information is available and there is a suitable means for promoting wider discussion and understanding.

Of course, the consumers' problem cannot be settled by a single government or a single department, and the hon. member for Yukon suggested, in his speech, referred to a problem which illustrates the fact that other departments will continue to influence the cost of consumer goods in Canada.

The hon. member for Yukon intimated that creating a new department would not bring about a reduction in shoe prices in Canada; no doubt he would like to see these prices go down tomorrow. We must be realistic; we are not faced here solely with Canadian industry and its profits, but also with foreign interests competing with a truly Canadian industry, that is the shoe industry. This industry is now clamouring for

increased tariffs, because of the adverse effects of undue competition, mainly from Japan, to the extent that 50 per cent of the shoes sold in Canada last year originated from foreign countries.

Now, does the hon. member for Yukon suggest that Canada, by rejecting overnight all tariff limitations, would better protect the consumer? Would such a solution help the consumer? Rather, would it not create unemployment in Canada? Would it solve the problem, to bring overnight the whole industry to the brink of bankruptcy?

In other words, consumer problems need and will continue to require concerted effort on the part of several departments. That is why it is clearly stated in the bill, among the powers stipulated, that the new department will have to co-ordinate the activity of several departments in this field because one department alone would never have all the powers necessary to protect the consumer adequately.

Mr. Speaker, I am sure that the new department will fulfill its duties splendidly. But, once again, we Canadian citizens should not depend entirely on the government. The consumer should strive to be better informed and to protect himself better. This is one of the very important tasks of the present government. It could not assume all responsibility for the Canadian people in this field. It must keep the consumer well informed so that the latter will know what he buys, how to buy and the quality of the goods he buys.

It is most important—it is our civic duty as parliamentarians in this country—that we make the citizens realize their own duty, their own responsibility. It seems to me that leaving everything to the government is a very easy way to solve the problems of Canada.

On the contrary, we should appeal to the understanding and the good sense of the citizens. If the minister could at a very early date, achieve a nation-wide public information policy, which would give the country complete and accurate information, a lot would have been achieved for Canada because we are not the only country having to face tremendous problems as far as consumers are concerned.

Once again I quote the Economic Council of Canada report which stated, in its conclusion:

> It is clear from the experience of other countries that there are many methods of dealing with problems in the consumer field, and that a flexible approach emphasizing effective solutions would be more appropriate than one characterized by rigidities and doctrinaire formulas.

Such is government policy, in short such is the challenge to the new minister and I am sure he will take it up.

[*English*]

Mr. Jack A. Irvine (London): Mr. Speaker, I wish to say a few words on the bill. I have been interested in the statements that have been made, particularly by the hon. members for Yukon (Mr. Nielson) and Simcoe East (Mr. Rynard). There is no point in my repeating what they said as they expressed themselves more clearly on the subject than I could hope to.

I wished to speak about finance, retail credit, interest charges and related matters. As the hon. member for Simcoe East also dealt with such matters thoroughly I need not go to great lengths to repeat what was said. I am interested in Bill C-161, to establish a department of corporate and consumer affairs. I am in favour of establishing the department if it will do some of the things we expect of it. We hope it will render a genuine service to the consumer and, in a proper sense, protect him. The consumer today, as never before, needs protecting. Some may say that the bill will protect consumers against themselves. I do not hold with such thinking.

I could support this bill wholeheartedly if the department which it will create could check inflation. Inflation is not easily cured and it is not sensible for us to expect the new minister or the new department to cure it. That is not within the bounds of possibility. Nevertheless, if the new department could in some way prevent the ever-increasing upward spiral of food prices, hold food prices in check and help those who own or rent homes by keeping the costs they have to meet within reasonable bounds, we should all be grateful. I contend that the moneys paid out by consumers for groceries and rent represent the greatest expenditures that they must meet today.

I had the privilege of being on the committee that dealt with consumer credit from the day of its inception. I attended almost all the committee meetings and I wish to pay tribute to the chairmen of the committee, the hon. member for Vancouver-Burrard (Mr. Basford) and Senator Croll, two dedicated men who took their task most seriously. I do not believe that the bill now before the house

contains in its provisions the recommendations of that committee.

I wish to raise a point and ask the minister what he intends to do for the individual food processor. Since the matter may be difficult to follow, may I cite an example. I suggest that the minister and his department will wish to inquire more deeply into the subject matter I am about to raise. I know of a food processor in eastern Canada who for many years supplied the large food chains with many items of food that were sold under their private labels. Eventually he decided that he would introduce his own brand of product under his own private label. The big chain stores thereupon informed him that he must pay for the right to display his merchandise in their stores.

• (5:30 p.m.)

This processor was told it would cost him $2,500 before his merchandise would be displayed. He was further told it would cost him a certain amount of money to support an advertising program. They would not guarantee him anything. They would order certain amounts of merchandise in lots to be delivered if, as and when they decided they wanted them. They made various other requests of him. This man said he would not go along. They said: "That is all right; we will discontinue ordering your merchandise. As a result, his merchandise was not displayed. He was in a position where he found himself being squeezed out of business by these large firms. I should like to know what the minister intends to do about this type of blackmail. He does not need to look far to find a concrete case. I refer to a firm known or formerly known as Pyramid Canners; some of these people may still be around. I understand they were squeezed out of business in this manner.

Let us consider the price maintenance factor. I know that some people will say: We do not have price maintenance any more. I think we do. Take, for instance, a large firm—I will not mention names—which has what I would call its own stencil line. It is selling this line at its own price. It can establish whatever price it wishes on this line because it is not available to any other retailer; none of the other retailers or merchandisers can purchase this line because the factories which manufacture it are owned by this large interest. The company can therefore establish whatever price it wishes. This, I contend, is price maintenance. I could enlarge on this and mention many different items which the company sells using this system. I do not think it is fair to the consumer. This is a matter which I am sure the new department will wish to consider thoroughly.

I should like to turn for a moment to a report which has often been quoted in the house, the interim report by the economic council on consumer affairs to the Department of the Registrar General. On page 20 we find the following:

> In view of the wide scope of consumer interests and the many departments which are engaged in activities affecting consumers, there is no possibility of concentrating all these activities in a single department, nor would it be desirable to try to do so. A great improvement in present methods of co-ordination is necessary, however, and for this purpose we recommend the establishment of an interdepartmental committee on consumer affairs under the chairmanship of the Deputy Registrar General. The committee should include the Deputy Ministers of Trade and Commerce, National Health and Welfare, Industry, Agriculture, Fisheries, Insurance, Finance and Justice, and such other departments as have a continuing interest in consumer matters. In such matters as food, pesticides, consumer credit, consumer goods standards and trade practices, where responsibilities are widely distributed, such co-ordination is imperative for efficient administration. This committee should have a permanent secretariat within the Department of the Registrar General which would assist in the work of the committee and in keeping the minister informed of federal government activities in the field of consumer affairs.

My contention is that since each of these different departments is responsible for certain facets of consumer affairs the minister should recruit his staff by transferring personnel, with their co-operation, to the new department of corporate and consumer affairs. I should like to quote the minister's words as reported in *Hansard* on October 13. He said then:

> Mr. Chairman, the aim of this legislation is to promote co-ordination in the field of consumer affairs. In the past, the activities of the federal government with regard to the protection or information of consumers were divided between several departments, that is to say there never was any co-ordinated program or, if I may be allowed to use that term, any appeal court for the consumers who wanted help or information from the federal government.

The minister went on to speak very constructively, I thought, on this subject. I contend that people could be transferred to the new department from the Department of Industry. I am concerned about this mushrooming of departments. The Department of Industry was established some four years ago and today it has 783 employees. Many of the things now being done by the Department of Industry will be handled in future by the new department of consumer affairs. Aspects

of the work now carried on by the Department of Trade and Commerce are also involved. The same could be said about some of the work now done by the Department of Agriculture and the Department of National Health and Welfare. Many of the staff presently employed in those departments should be brought under the umbrella of the new ministry.

Let us simply transfer these people. Let us not hire new staff. We have gone far enough in that direction already and I think it is time we got away from this empire building tendency. I do not see how we can afford it any more. I think we should get away from this idea of government by bureaucracy. In 1939 there were some 30,000 employees in the public service. Today, according to the figures I have, there are 372,890. It just does not make sense that there should be more than ten times as many public employees today as there were 30 years ago. I know the people cannot afford it. I know we cannot afford an expensive type of government like this any longer.

I would refer hon. members to an item which appeared in the *Globe and Mail* yesterday. It reads as follows:

A strongly worded criticism of government monetary and fiscal policy by Neil J. McKinnon, chairman of the Canadian Imperial Bank of Commerce, was delivered yesterday to an international conference of the Financial Executives Institute.

Mr. McKinnon warned that an increasing rate of inflation only could end up causing a painful readjustment in the economy.

"All experience in history has shown that inflationary trends, from whatever source they may arise, if not firmly checked, lead to serious harm to the great mass of people including all of those whom government spending programs of various kinds are intended to benefit."

The chief executive officer of Canada's second largest chartered bank wasted little time in identifying the source of Canada's inflationary problems.

"The fall in the value of money always stems from continuous government deficits, especially those in time of high employment, accompanied by an increase in money supply which tends to monetize at least part of the deficits."

It is not too much to say that government deficit spending, combined with a permissive monetary policy that allows continuous inflation really involve a massive swindle—a swindle perpetrated on the great majority of the populace who are least able to protect themselves against the consequences.

• (5:40 p.m.)

Farther on he quoted Bernard Baruch as follows:

"People who talk about gradually inflating might as well talk about firing off a gun gradually."

Very pertinently I would like to ask the minister what will this new department do that might, and I emphasize might, control inflation? Where are the teeth in this bill? I see nothing set out as penalties. What are the minister's plans? How can this new ministry render a service and be of service to the consumer? What exactly will this new department offer?

Let us consider weights and measures which are important so far as the consumer is concerned. What will this new department do that is not now being done by the weights and measures branch of the Department of Trade and Commerce? What will the new department do in the important field of retail inspection that is not already being done by the appropriate agency under the Department of Trade and Commerce? What will it do so far as deceptive and restrictive trade practices are concerned, matters which are now handled by the Department of Justice and other departments? What will it do in connection with food and drugs? These are things which were touched on this afternoon. In connection with food and drugs what will the new department do that is not already being done by the Department of National Health and Welfare?

I hope we will receive answers to some of these questions. I am very interested in these matters. I think everyone in the house should be interested in them because they have to do with the general welfare and well-being of our country. I would like to support this bill but first I want to know how the proposed bill will assist the consumer.

Mr. Steven Otto (York East): Mr. Speaker, it is not very often that I get up to praise a minister but I am going to do so on this occasion because I have great faith in this minister—young John. Of course, if I had previously praised him when he was a backbencher that might have been the kiss of death and he might not have been moved from the back benches. But now this minister is safely esconced in the seats of power—

Mr. Baldwin: Not too safely.

Mr. Otto: —and I want to say I fully support him not only on the grounds of the speech he made when introducing this legislation but on the grounds of previous speeches he has made. I was very impressed with one statement made by the hon. member for Yukon (Mr. Nielsen). It was a very good idea he expressed, one which I had not thought of previously. Possibly he made the statement facetiously, but he did indicate that there is a certain quality of leadership in the minister,

that there are ambitions toward leadership. I think there is nothing wrong in contemplating that idea. It may be a very good idea for Canada to have a young, vigorous, intelligent, keen man to get Canada going and get away from all this contemplation of races and such things.

Some hon. Members: Hear, hear.

Mr. Otto: Therefore I am indebted to the hon. gentleman from the Yukon for seeding the idea. I hope it takes root.

The hon. member for Burnaby-Coquitlam (Mr. Douglas) said something which sort of took me by surprise. He said that management is no longer exploiting labour and has now swtched to exploiting the consumer. Somehow I get the impression that the hon. gentleman divides consumers and labour into two groups. He thinks of labour as a separate group and of the consumers also as a separate group. To me labour and the consumer are one and the same thing. In fact labour, management, all of us, are consumers.

I question all the hue and cry about there being no teeth in this legislation. Pray, what teeth? Let someone get up and give an example of what is meant.

Mr. Nielsen: The teeth in the minister's hand.

Mr. Otto: Let us see how teeth could have been applied to the Dosco affair. Are we to say to a businessman, "continue losing money," or are we going to repeat the experiments of Saskatchewan and the early days of Newfoundland? Surely the hon. gentleman opposite does not suggest that these are the teeth he has in mind.

I think it is time we got down to some common sense talk. Exploitation is business. Undue exploitation is another thing but exploitation itself is business. After all, one makes money on other people, on consumers. If one does not then one is not in business.

In a speech which he made a little while ago the minister pointed to the root of the problem, namely, that reforms are necessary in our corporate structures. One hon. gentleman spoke this afternoon about fraudulent weight. The butcher's thumb on the scale is an age-old problem. It is not new. There are many businesses which take advantage of fraudulent means, and the present problem is that this practice is becoming more commonplace. The root of the problem is not business which publicly says, "Here, go out and defraud the public". The fault lies in the fact that corporate structures have lost control, and their easiest course is to continue with all the dubious methods that are in effect now. Consequently we return to the root of the trouble, the problem of corporate structures.

The minister pointed out several wrong assumptions that we have made, and I want to bolster his explanation in my speech. The answer, of course, still is competition. In other words, you cannot force people to lose money. You cannot force businessmen to carry on a business if they are not making money, but you can change the rules and the regulations so that true and honest competition will enter the field, and in time competition itself will result in good service and value.

Regardless of what anyone says, we cannot go to Dosco today and say, "Stay in business and lose money". But if the climate were such that somebody else would go in there, then that would be a different matter entirely. Dosco would have second thoughts about the matter.

In management and industry it is very common to blame labour and say labour is the root of all problems. But history has never proven that where a battle was lost it was a soldier who lost it. It was always a general who lost it. Applying this to business I say it is the bad and outdated corporate structures which cause a lot of the problems we are facing. These cause lack of competition and the use of questionable methods of selling products. In turn this leads to a constant increase in inflation. So I do not blame labour. I blame management and in particular the division that we have now in respect of management—shareholders, ownership, the stock exchange and all such things.

• (5:50 p.m.)

Management, of course, takes the easy way out. One cause of this is that there is no continuing shareholder body. The minister pointed out a little while ago that his department found out that the average shareholder holds shares, including blue chips, for less than six months. There is no continuity. There is no one who says, "We want you to conduct this business in an honourable and profitable way." We have created a brand new class of managers who are not shareholders. There is no continuing control. If there happens to be a monopoly or fraudulent advertising, they will take the easy way out. They are only interested in activity which will make their jobs secure and are not interested in the continuity and conduct of the

corporation. This is a great problem today. I am sure this is what the minister is trying to get at. It is something which cannot be put in a bill. If hon. members would read some of the comments which the minister has made over the past few years they will find that he is quite aware of the problem and the root of it.

I have a brotherly feeling toward the minister because, as you will recall, my fight has been with the establishment and his fight has been with the mandarin class, which is really the same thing. I hope he does not give up that fight.

An hon. Member: He is getting out.

Mr. Otto: There is no intention of getting out of it. I am sure that by the time his establishment gets down to business they will follow a good leader. I am sure they will take their direction from him instead of vice-versa. We must break the evils of corporate structures today and some of the very rotten foundations which underlie them. We still have some good companies, and I am speaking of public as well as private companies. There are also problems of financing, but I will not deal with those at the moment.

As I have said these companies have lost their continuity of ownership and indeed the directors and shareholders of a corporation today really are not interested in the production of that company. One would be amazed at the number of directors of large corporations who are really interested in whether or not the company makes a profit or has a good product. They are, however, very interested in any avenue by which they can romance—if that is the right word—the shares so they can make money on the sale of the shares. Ownership of the corporation is merely a method of gambling. It is difficult for management and labour to find any incentive to do a good job, because who cares when this attitude on the part of the directors is known. I have looked at the record of the directors of several corporations. They do not receive very much in directors' fees. Indeed, $500 a year or something of this nature is being paid to directors of five or six companies. It always amazes me how they can drive large Cadillacs and live in such a luxurious manner. Surely they are not doing it on $500 a year.

The rights to subscribe for new issues of shares are handed down from father to son and from uncle to nephew. These rights to buy shares are placed on the market. The directors do not issue the shares until they have made money on the rights. The emphasis is not on whether the company has conducted an honourable business but rather on how they can sell the shares to make a buck. This, of course, corrupts all business. These are the problems we must face. A recent and perfect example of this, of which all members are aware, is the great Atlantic fiasco. I do not think there is any other set of circumstances which so clearly explains the play of share take-overs. No product was involved in this whole thing, so it could not be said there was a good product which was making money. A well-established man could walk into any bank and say, "Buy some of these shares; they are a good thing." The reason for a take-over is not to make a company more successful. Take-overs or amalgamations are merely for the purposes of enhancing, either fictiously or otherwise, the value of shares in order to make a dollar for the large shareholder.

Surely I need not go further than to say that when this situation exists among the owners of shares it is difficult to avoid corruption or ensure that the business will be conducted in an honourable way. How can these evils which are evident today be avoided? The most one can do is to pass a law. We may say that they cannot do this, but they will do it in another way. I think the root of the problem is the whole corporate structure and I believe that with revision and reform of the corporate structure we might expect some improvement in competition.

In line with this, and as a complementary thing, we have the structure of our stock exchanges. About a year ago, I believe, the minister pinpointed some of the problems which exist as a result of each province having its own stock exchange. I believe this speech was made in New York, although I do not remember now. However, this is a great problem because the one complements the other. Any hon. member who has had experience in trying to put stock on the public market will know what the cost of such a promotion is. It is amazing.

Mr. Knowles: Six o'clock.

Mr. Otto: In the field of mining, regardless of how good the vein of iron or gold is and regardless of the advisability of bringing it into production, 80 per cent of the money received from the shares will go into promotion costs and will wind up on Bay street, Bridle path, Post road, or St. James place. Twenty per cent of the money invested will actually wind up in the mine. I am sure the

hon. member for Yukon knows this very well. I see him smiling. He is a very specialized lawyer in this field and I am sure he will support what I have said. Of course this is a speculative thing. We expect mining to be speculative, but the tragic part of it is that the industrial shares are being put into the hands of public shareholders. About 38 per cent or 40 per cent of the money contributed, and sometimes higher, will go toward promotion costs. Consequently, if the shareholders pay $10 million for shares, about $5 million will end up in the company and yet that $5 million is expected to pay a reasonable sum to the shareholders. The promotion costs are out of line.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: I must interrupt the hon. member to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for Winnipeg North Centre (Mr. Knowles), Air Canada—Winnipeg—reported intention to phase out overhaul base; the hon. member for Northwest Territories (Mr. Orange), Radio Station at Pond Inlet, Northwest Territories; the hon. member for Prince (Mr. MacDonald), Northumberland Crossing.

• (6:00 p.m.)

The house will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills, notices of motions for papers and public bills.

PRIVATE BILLS

EMPIRE LIFE INSURANCE COMPANY

On the order:

Second reading of Bill No. S-9, respecting the Empire Life Insurance Company—Mr. Ryan.

Mr. Nielsen: Mr. Speaker, I thought there had been unanimous consent that the house would rise at six o'clock and reconvene at eight o'clock in compliance with the wish of Mr. Speaker.

Mr. Deputy Speaker: Order. If there is unanimous consent among the parties in the house it will have to be expressed while the Speaker is in the chair.

Mr. Basford: Mr. Speaker, I hesitate to stand in the way of the house adjourning, but there are private bills which have been on the order paper for a great length of time. One of these bills is of great importance to the part of the country from which I come and I should like it to be proceeded with. As this bill received second reading in the last session, I see no reason why we should not give it second reading now and then adjourn for the purpose for which the house wants to adjourn. The bill received second reading in the last session and was referred to the committee.

Mr. Starr: Mr. Speaker, we would all like to comply with the request of Mr. Speaker that we do not sit between six o'clock and eight o'clock. In order to reach a conclusion in this regard, could the hon. member indicate that there is a willingness on the part of the house to deal with his bill?

Mr. Basford: Mr. Speaker, I am not sure that I completely understand the Leader of the Opposition (Mr. Starr).

Mr. Starr: I will put it in a way that the hon. member can understand. Has he any assurance that his bill has an opportunity to pass?

Mr. Basford: No, Mr. Speaker, I have not that assurance.

Mr. Starr: Then why do you want to hold us up?

Mr. Basford: I am somewhat taken by surprise, Mr. Speaker, because I thought the understanding was that we would sit for this hour to deal with private bills. As I said, the bill I am interested in received second reading in the last session. I would hope the house could agree to give it second reading now and then we could adjourn until eight o'clock.

COMMERCIAL SOLIDS PIPE LINE COMPANY

The house resumed, from Tuesday, June 13, consideration of the motion of Mr. Deachman (for Mr. Basford) for the second reading of Bill No. C-113, to incorporate Commercial Solids Pipe Line Company.

Mr. Howard: Mr. Speaker, I rise on a question of privilege. This bill was moved for second reading on June 1 last at a time when the hon. gentleman sponsoring the bill was, as his colleague pointed out, moving from a state of bachelorhood to one of marital relationship. As a result the hon. member for Vancouver-Burrard (Mr. Basford), the sponsor of the bill, did not have the opportunity

to explain the bill in his own words and from the point of view of his own interest, although his colleague did give reasons why it should be passed. I wonder whether the house would consider giving the hon. gentleman the right to speak to the bill on second reading and explain its purpose, because he has not yet had that opportunity. Perhaps the hon. member could be allowed to do this without by so doing closing the debate.

Mr. Deputy Speaker: The house will understand, of course, that when second reading of this bill was moved it was done by another hon. member on behalf of the hon. member for Vancouver-Burrard. Normally, if the hon. member were to speak now he would close the debate. The unanimous consent of the house is required for the hon. member to speak without closing the debate.

Some hon. Members: Agreed.

Mr. Basford: I have not asked for that leave, Mr. Speaker.

Mr. Fulton: Speak now and close the debate.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have spoken on this measure before and I propose to speak on it tonight in the same vein. I think the house must realize how very series is this proposition that is placed before us by the hon. member for Vancouver-Burrard (Mr. Basford). I would remind hon. members that not quite 100 years ago in Canada—

Mr. Basford: Mr. Speaker, there is possibly some confusion here. I proposed to the Leader of the Opposition (Mr. Starr) that if the house agreed to give this bill second reading, as it did in the last session, we could then adjourn. If the house does not agree to giving the bill second reading perhaps hon. members would like to consider whether we should adjourn now.

Mr. Howard: Mr. Speaker, do I understand that the hon. member for Vancouver-Burrard is suggesting that the house be asked whether it wishes to adjourn at this moment and waive private members' hour?

Mr. Deputy Speaker: If the request were made to the Chair that we adjourn I should be very pleased to put it to the house. But at the moment we are to proceed with private members' hour.

[Mr. Howard.]

Mr. Turner: On a point of order, Mr. Speaker, I think the hon. member for Vancouver-Burrard is trying to test whether there is any willingness on the part of the house to adopt his bill at this time. If there were, the hon. member would be prepared to go on with it. If not, I think he would acquiesce in the desire of the house to adjourn.

Mr. Howard: Then it is obvious that we are going to adjourn.

Mr. Cantelon: The hon. member is saying no, so we might as well adjourn; we are not going to get this bill through.

Mr. Basford: Mr. Speaker, I understand from what the hon. member of the New Democratic party has said that the bill will not be passed during this hour. Therefore, perhaps the house would agree to the bill retaining its place on the order paper. If this were agreed I would not oppose adjournment.

Mr. Deputy Speaker: Is it agreed that the private members' hour shall now be suspended and that order No. 2 on today's order paper shall retain its place on the order paper?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The sitting is suspended until eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

CORPORATE AND CONSUMER AFFAIRS

PROVISION FOR ESTABLISHMENT OF DEPARTMENT, APPOINTMENT OF PERSONNEL, ETC.

The house resumed consideration of the motion of Mr. Turner for the second reading of Bill No. C-161, to establish a department of corporate and consumer affairs.

Mr. Otto: Mr. Speaker, when the debate was adjourned this afternoon for the consideration of private members bills I made some remarks with regard to part of the bill dealing with corporate affairs. I know that other hon. members have spoken on consumer prices and I wanted to make a connection between the problem of consumer prices and the necessary reforms in the corporate field. I do not suggest for a moment that the only answer to the problem of the ever increasing inflation is a complete reorganization of the

corporate structure, but I do say it has a great deal to do with it and I tried to show the connection between these two matters. I know the minister will agree with the points I am going to make. These are recommendations which the establishment will not like, and by establishment I mean the establishment as outlined by Professor Porter, namely the family compact. Hon. members will be surprised to know how strong an influence the family compact has on business and financial affairs. Indeed a very small number of people in Canada control about 85 per cent of the finances in Canada. I am sure that these members of the establishment will not like to hear what I recommend, but then the minister will not care particularly whether they like it or not because he is not one who caters too much to the wishes of the establishment.

Mr. Orlikow: The hon. member means part of the establishment.

Mr. Otto: The recommendations that I wish to make are as follows. First, that an up to date share register be considered essential in corporate procedures. If any shareholder or any other person wishes to know the names of the shareholders of large companies he will have to wait six months before he gets them at a fantastic cost. There is no reason for not making a share register available on a day's notice. This will give people a chance to contact the other shareholders. The present procedure is that the directors forming a nice family establishment write to the shareholders whom they know and send them proxies of which 80 per cent always come back. Therefore the directors and their families are guaranteed a directorship forever. That is one change which is badly needed.

It should be possible for a company to become public without having to pay the great cost of promotion. I was speaking earlier this evening to one of the hon. members opposite and I found that it was a matter of great surprise to most people that if a company or a business enterprise wishes to go public the brokers may sometimes have to pay a bonus of approximately 30 per cent of the share structure, and the cost runs sometimes from $250,000 to $300,000 in cash. There is no reason for that. The new department should require a prospectus so that a company would not be allowed to say "we expect profits of untold millions; this is our future". This is the procedure in the United States where prospectuses containing only facts are filed. These should be available to everyone so as to make the distribution of shares wider. Investors will not invest in companies that are secretive. That is one reason why in the last year over $800 million in Canadian money was invested in industrial growth in the United States rather than in Canada. Our corporate and share structure is very bad.

The third recommendation concerns government guarantees. This should not be as surprising as it seems because we do have government guarantees on mortgages. I have already proposed a bill on this. In other words if we invite Canadians to invest in brick and mortar we will say to them "If you invest in bricks and mortar, we will put a government stamp on it". This should be made available to good, honest corporations which would have an insurance scheme under which their shares will be guaranteed, at a fee, so that the shareholders will know they have a good investment.

One of the great faults of the Canadian corporate structure is that companies do not have a fair representation of the internal management. In other words, most of the directors of large Canadian corporations do not have anything to do with the business at all. The directors of banks are not necessarily bankers and they know nothing about banking. The United States system is a little different and is much more successful. At least 50 per cent of the directors of most successful corporations are internal directors. They might be the sales managers or the vice presidents in charge of sales, production or advertising. The majority of the directors have a vested interest in the success of that company. They want to make sure they have a future and a job. Greater participation by internal management in the directorship of a company is badly needed.

I hope that other departments will be taking interest in the fantastic capital gains made by speculators on the stock market. I cannot for the life of me see what is wrong with the Carter commission report so far as that issue is concerned because this money is not earned; it is taken out of the corporation.

The following is a statement made by the minister, on which I based my remarks:

> Over the years the federal government has assumed a major responsibility for keeping our economic system competitive, stable and productive.

That is the essence of that portion of the bill dealing with corporate affairs. I have tried hard to understand the criticisms made by the opposition. When the opposition says the bill has no teeth, if they mean price and

wage controls then I am quite sure the minister will not accept that criticism.

• (8:10 p.m.)

If they mean safeguards against fraud and other odious methods of advertising, then there are already laws to combat them and I am sure the minister will do whatever is in his power to enforce these laws. I think that if hon. members really examine the bill setting up this department they will find it contains three items which are really interconnected. These items are not related to other departments. There have been cries from all sides to have a special department and a special minister in charge of these matters.

In conclusion, Mr. Speaker, except for myself, I can think of no other person better qualified than the minister to give this department the vigorous, intelligent leadership that will be necessary.

Mr. Ed. Schreyer (Springfield): It is always interesting, Mr. Speaker, to listen to the hon. member for York East (Mr. Otto) and today has been no exception. He delivers his remarks with such vigour and such confidence that one gets the impression he could learn a lot, and very often does. However, I must say that certain of the remarks he made this afternoon and this evening only serve to confuse. I am not referring to his remarks concerning the corporation's securities aspect of the bill before us, nor am I referring to his remarks concerning corporate affairs generally. When he spoke earlier about his views as to why there is some undue exploitation of the consumer—the words are his—he left the impression he felt if there was undue exploitation it was caused by some process of decay in corporate structure.

I must admit that I did not take prolific notes. I cannot recall precisely the words he used, but he left the impression with me, at least, that he felt the problem resulted from a process within corporate organization whereby management was going more and more into the hands of people who have no direct interest; that ownership is not concerned with the ethics of the business operation but concerned almost exclusively with the profit that can be made from dealing with shares. If I have not quoted the hon. member accurately, I apologize, but I believe a reading of the record tomorrow will bear me out.

If the hon. member really meant what he said, I am surprised. This process has been

[Mr. Otto.]

going on during the entire post-war period. In fact, it could be seen at work as early as 1920. Therefore, if we have problems in the field of consumer affairs, the undue exploitation of consumers to use the hon. member's own words, these problems result from a process which has been at work for several decades. It is time we came to grips more tangibly with this problem than we have up to now.

I want to say to the minister that I should like very much to compliment him on quite a few things. I desist from doing so, since he has received so many compliments already from the hon. member for Simcoe East (Mr. Rynard) and the hon. member for York East. We must not forget the hon. member for Yukon (Mr. Nielsen), because I believe some of his remarks were meant to be complimentary.

I wish I might say something positive about this government and its actions to date in respect of protecting the consumer in the marketplace and in connection with the borrowing of money. Only a few days ago this government did proclaim regulations requiring the full disclosure of interest rates both in the absolute amount and in a percentage rate sense as well. I believe that this will do some good by way of protecting the consumer from abuses. This is positive action, Mr. Speaker, and I refer to it in order to point out something else, that is that this government has shown in the last few days that there are two ways of going about tampering with a serious problem. One way is to step in and deal with the problem with a minimum of fanfare, proposing legislation or proclaiming regulations, thus getting the job done. This is the course the government took in respect of the disclosure of interest rates, for which most members would give them credit.

The other way of tackling a problem is the course the government has adopted in respect of consumer affairs generally. Instead of setting to and grappling with it without too much fanfare, they are doing just the opposite. They are giving the appearance of wrestling with the problem, when in fact they are only fussing with form, fussing with organization and really doing nothing new at all about the substance of the problem. There has been, I feel, sufficient reference already to just how the legislation before us will not be very effective, will not serve the consumer's interest in the marketplace.

The bill before us is to establish a department of corporate and consumer affairs. Members on my right from the Conservative

party have been referring to it as an indication of more red tape being served up by this government. Some of my colleagues have referred to this bill as window dressing. I think they are both right. This government is dressing its windows with red tape. They hope to create the impression amongst the general public that they are really determined now, in 1967, to pass meaningful legislation that will stop some of the abuses currently existing in our business life. If this is the intention of the government, I fail to see where it is being given legislative effect. The only part of the bill which deals with the powers of this new department of corporate and consumer affairs is clause 6, and it does not specify in any concrete way just what the government will do that is new in the field of consumer legislation.

I do not apologize to the hon. member for York East when I say that I would be enthused about the prospect of establishing a department of consumer affairs if I could be assured that accompanying that there would be recommended to this house legislation that would have some teeth in it. I know that in the past the federal government, as well as the present minister who will head this department, have stated time and time again there is a constitutional problem resulting from the division of powers. Almost everyone realizes that today. At the same time, as the minister said, the general public to use the minister's expression are becoming more educated, and therefore they expect more from government in the way of meaningful consumer legislation. If it is not forthcoming they will expect this impasse which has been caused by the constitutional division of powers to be solved somehow. The minister said that the people of Canada expect governments these days to organize themselves in a better way. He is certainly right. This is the feeling I have as well. If the people expect governments to organize themselves better, it follows they will expect governments to organize better in the sense that they can close the gap of the constitutional no man's land that has existed between the two levels of government from 1867 until now. Perhaps this more than any other single issue may cause the federal government to take the initiative in the calling of a constitutional conference so we can "get cracking" with revising our constitutional law.

• (8:20 p.m.)

In my estimation the minister is perfectly correct when he says, as he did on Tuesday, that the consumer, being better educated, is coming to demand not only better organization of government but better organization between the two levels of government. Like the hon. member for Simcoe East (Mr. Rynard) I too noticed in the speech of the minister, not a preoccupation with but an interest in ancient history. The minister made reference to the Athenian marketplace and how it was an historical fact that there was an attempt even in the days of ancient Greece to provide a measure of consumer protection in the form of organizing bands of investigators to roam through the marketplace.

I was wondering why the minister was showing such interest in matters classical and historical, and then it occurred to me that these days he has been provided with a very able and efficient former political scientist from the University of Manitoba, who I am sure helps the minister with his speech writing, all of which is very commendable. If I do not allow myself to compliment the minister, may I at least take this opportunity to compliment his executive assistant.

I understand that in years past the minister of transport in the former government was blessed with a very effective and efficient executive assistant whose name, I believe, was Mel Jack, and the Registrar General certainly has cause to be thankful for having an executive assistant capable of writing speeches with such fine style. The content of course is another matter.

To be more serious, Mr. Speaker, the minister made one specific statement when dealing with the speech that was made by my colleague the hon. member for Vancouver-Kingsway (Mrs. MacInnis) that I think deserves some repetition and mulling over in one's mind. I refer to the statement of the minister that appears in the bottom left hand corner of *Hansard* at page 3210, where he is reported as follows:

> It follows from what I have said and from the judgment made by the joint committee that there is no intention that this department—

The minister means the new department of consumer affairs that is being proposed.

> —should act as a sort of controller—

I stop there, Mr. Speaker. The minister is recommending to the house that we agree to the establishment of a department of consumer affairs, but he is there telling us that it will not act as any sort of controller. But, Mr. Speaker, this is the very point; if there is to

be no greater degree of social control exercised in the marketplace on behalf of consumers, what in Sam Hill is the point of establishing a department of consumer affairs?

Mr. Turner: Mr. Speaker, I wonder whether the hon. member would permit me to ask him a question. I am enjoying his reasoned speech very much indeed, but I am sure that the other words in that paragraph to which he referred have not escaped him. I was speaking of the word "controller" or control in terms of price control, not in terms of intervention in the marketplace.

Mr. Schreyer: Mr. Speaker, if my making reference to this statement of the minister has served no other useful purpose, it has at least brought him to his feet to clarify just what inference he did hope to leave when he said that this department would not act as a sort of controller. We are now to understand that it will in fact act as a sort of controller but not with respect to price control; and so the process of clarification goes on.

I have already said, Mr. Speaker, that the minister was so right when he suggested in the course of his speech that he sensed that the public was demanding a more active involvement on the part of government in consumer affairs and consumer legislation. The vast majority of the Canadian people realize that there is a problem here which has to do with constitutional law. But after all, Mr. Speaker, as my leader pointed out earlier today, the common sense of most people will tell them that constitutional law exists to serve human needs. Therefore, for how much longer will they passively accept the excuse that is given in an effort to fob off their complaints, that up until now it was not possible to take any effective action in regard to consumer affairs owing to the fact that while one aspect of the problem fell within federal jurisdiction another aspect of the problem in another sense was a provincial concern?

Up until the early 1950's we ran up against the same kind of problem in the thinking of government with respect to the marketing of agricultural products. In most instances it had been found through the decades that it was not possible to form an effective agricultural products marketing board because the jurisdiction was divided. Any attempts to set up provincial marketing boards, which were easier than those to set up federal marketing boards, were doomed to failure unless there was enabling federal legislation as a result of concurrent federal action.

[Mr. Schreyer.]

It was not until the early 1950's that some concrete action was taken to overcome this constitutional impasse, and in large part the impasse was broken in the matter of agricultural products marketing. Now in the late 1960's I fail to see why greater initiative could not be taken by the federal government in regard to a similar course of action to break through the impasse in relation to consumer goods marketing.

It seems that during the past two years the federal government of the United States has been more concerned to come forward, or if not more concerned at least more successful in coming forward, with tangible legislation to deal with the very problem that is under discussion, namely consumer affairs. In the United States more effective consumer law is being passed than is the case in Canada. In their federal system they also face the problem of divided jurisdiction. But at least in fields where there is power for the federal authority to act they have taken action, and I suggest that this government could do likewise in the matter of packaging, and weights and measures.

• (8:30 p.m.)

Is the minister trying to say that constitutional obstacles prevent the government from passing legislation affecting weights, measures, standards, and what is known as truth in packaging. Under recent legislation passed by the United States Congress it is now mandatory for the appropriate department of that government to publish certain regulations. I wish to read some of these into the record. I quote from document H. R. 7493 of the first session of the 89th Congress of the United States. Page 2 of the regulations reads as follows:

(1) require the net quantity of contents (in terms of weight, measure, or count, or any combination thereof) of consumer commodities to be stated upon the front panel of packages containing such commodities, and upon any labels affixed to such commodities;

(2) establish minimum standards with respect to the prominence of statements of the net quantity of contents—

(3) prohibit the addition to such statements of net quantity of contents of any qualifying words or phrases;

(4) specify such exceptions to the foregoing requirements—

(5) prohibit . . . upon any label . . . any printed matter stating or representing by implication that such commodity is offered for retail sale at a price lower than the ordinary and customary retail sale price,—

I believe that this paragraph relates directly to what the hon. member for Fraser Valley alluded to earlier today. Continuing:

(6) prevent the placement, upon any package ... any illustration ... likely to deceive ... as to the contents of that package.

The next part of this legislation is most important. The federal trade commission and the secretary of health, education and welfare shall:

(1) establish reasonable weights or quantities, or fractions or multiples thereof, in which that commodity shall be distributed for retail sale,—

I pause here to make this observation. Many hon. members have received complaints from housewives and shoppers about the difficulties of exercising judgment—which the minister called on them to exercise—in order that they may make an efficient choice in the marketplace. Those words are the minister's. Because of the proliferation of ways in which different commodities are measured it is difficult for the housewives to exercise judgment. If one goes to the supermarket he will find soaps and different foods on the shelf in cans or cartons, and hardly ever will he find these items in standard sizes. Almost always fractions of ounces or fractions of pounds are involved. In my estimation the situation is contrived, to make more difficult the task of the shopper, to make it more difficult for her to make an efficient choice.

It is all very well for the minister to say that shoppers ought to make efficient choices; yet their task is deliberately frustrated by concerns that sell food and other consumer goods in containers, and mark those containers with weights that involve fractions of ounces, and so on. Surely it is not unreasonable to ask the government to take steps to remedy this state of affairs.

The minister may plead that there are constitutional difficulties; I doubt whether this is so. Today, when there is such overwhelming public support for the reform of marketing practices I doubt whether anyone would wish to oppose such a logical step.

The commission to which I have previously referred, and its appropriate officials, are authorized to prevent the use of packages of sizes, shapes or denominations which are likely to deceive consumers as to net quantity of contents. As the hon. member for Danforth said earlier, there is a tendency on the part of those who sell packaged products to include in the package a liberal quantity of Canadian air.

On page 6 of document H.R. 7493 the following is found:

(3) establish and define standards ... of size (other than statements of net quantity of contents) which may be used to characterize quantitatively the contents of packages containing that commodity;

(4) establish and define—

—a serving. The next paragraph is:

(5) establish and define standards for ... any consumer commodty ... which cannot meaningfully be designated in terms of weight, measure, or count; and

(6) require ... that sufficient information ... be placed in a prominent position upon packages ...

This clause is to prevent consumers from being deceived.

All parts of the legislation I have just referred to are not equally important, though most parts are of some importance. Some of its provisions have been adopted in various ways in Canada, though others have not. There is no good reason, constitutional or otherwise, to prevent this government from enacting in Canada legislation similar to that enacted, in this field, in the United States.

I say, with some justification, that it is not fair or reasonable for the government to ask those on this side to support the establishment of a department of consumer affairs unless the government says what this department is to administer and what legislation or regulations are to be introduced to regulate its workings. If the government will not introduce legislation with respect to the department in the coming months, the proposition we have before us is not attractive. At the moment I am not too enthusiastic about establishing the department. Unless I can be shown that the officials of the new department will do something more constructive and more effective in this field than officials in other departments have done—and I do not think they will—I cannot support the establishment of the department.

The minister, with other members on the government side, has complained that though we persistently criticize the bill we have not come forward with constructive, tangible suggestions. Tangible suggestions have been made, I submit. I read part of the regulations which now apply in the United States. My leader also referred to certain actions which could be taken. He said, specifically, that this government ought to declare whether it is prepared to create a prices review board which would work under the aegis of the department which is about to be created.

Corporate and Consumer Affairs

• (8:40 p.m.)

If the government intends to establish a department of consumer affairs it seems to me this is a vital function which could be carried out within such a department. I do not say price control; I say, price review. It appears to be a logical step to take at this time. If the minister is serious when he says that at least at the beginning the primary function of this department will be that of gathering information, it is surely important to try to ascertain through a prices review board the extent to which price increases are taking place in the field of consumer products and the extent to which they are justified. If the minister wishes to argue that this is a function which is already being carried out by existing agencies of the crown such as the Dominion Bureau of Statistics, I would say that all the functions he envisages as being carried out by the new department could be carried out by agencies of the crown which have existed for some time, and which have been connected with activities in the field of consumer affairs.

In conclusion, I simply wish to say that it is easy to offer excuses for inability to take effective action. One can always trot out the excuse that the division of power makes it difficult for the government to act in certain fields. The provinces can argue with justification, however, that it is virtually impossible for them to enact effective legislation for the protection of consumers. If one province were to attempt to do so alone, it would invite a situation in which it would be at an economic disadvantage as compared with neighbouring provinces.

What is needed, therefore is federal co-operation. The federal government should think in terms of enabling legislation fused with provincial legislation and programming. Perhaps this is something which the new department will try to pioneer. I maintain that had the will existed this could have been done before now. I do not wish to be unkind but I simply must say that after all the publicity resulting from the committee on consumer affairs, and after all the publicity from one end of the country to the other about this government's intention to establish a department of consumer affairs, we cannot help being disappointed when we look at the legislation, read through the minister's statement carefully, and find there is nothing of substance in either; it is really all froth and foam.

The minister and those who help him and his colleagues in the news media, the image projectors, have laboured hard and long for months, and brought forth a mouse.

Mr. Otto: Would the hon. member permit a question. He has referred to the lack of teeth in the legislation. In trying to define these dentures am I to understand he is recommending the introduction of marketing boards with the same powers as the wartime price and trade boards.

Mr. Schreyer: No, Mr. Speaker. I am afraid the hon. member misunderstood my speech even more than I misunderstood his. I was saying that the least the government could do would be to think in terms of establishing a prices review board under the aegis of this new department. Since the government intends to set up a new department, then let them, for Pete's sake, at least give it something worth while to do.

Mr. E. Nasserden (Rosthern): This is one of the most interesting debates we have had in the House of Commons since this government came to office, and it cannot but bring to our minds the election promises which were made in the election before hon. members opposite assumed the responsibilities of government.

The minister, I take it, invited me to make some comments on these lines the other evening and I shall do so before I conclude my remarks. First of all, I should like to point out through you, sir, having listened to the hon. member for York East (Mr. Otto) this afternoon, that according to him the only good company is a bankrupt company. We have heard this from the hon. member before and I should like to put it on record again in the course of this debate.

We have before us tonight a bill which has been brought down with a great deal of fanfare and publicity. Compliments have been paid to the personality of the minister who is responsible for piloting this measure through the house and I assure you, sir, that all of us on this side appreciate that hon. gentleman's qualities, particularly when he refers to horses. I thought of the island of Montreal, the ministers who have come from Montreal, and the experiences of another minister who found horses on the payroll. This brought a little humour into the debate—his reference to horses and his reference to hens, particularly when we are talking about consumer prices, when the farmers are receiving disastrous prices for the eggs they market and when the consumer who goes into a shopping centre is asked to pay four or five

times as much for eggs as the farmer receives.

This pinpoints the problem which faces the parliament of Canada—a problem which has come to the fore during the past three or four years, since the present government came to office. It is a serious problem and the bill now before us does not tackle it, because consumers of today are not interested in whether they are to have a glorified information bureau to tell them about the products available, the different qualities of goods and so on; they are concerned about the high cost of living, a cost which is continuing to rise month by month and has done so ever since this government came to office. The situation is one which has been brought about as a result of deliberate actions on the part of hon. members opposite—policies which they initiated, and which have contributed not only to the cost of living but to the cost of production in every phase of this country's activities. That this should have happened is one of the sad results of the administration we have had in this country during the last three years.

• (8:50 p.m.)

This bill has provisions to deal with packaging and labelling, but I would point out that these things are dealt with by legislation already on the statute books. No one in the house will quarrel with the suggestion that a tightening up of the supervision over packaging and labelling may be a necessary thing, but I think even the minister will agree it will be difficult to enact and enforce laws that will bring about the desired effect. With respect to advertising and attractive packaging, it will be difficult to draw guide lines acceptable to industry, or even to the consumers. Nobody would quarrel about the necessity of trying to do something in that regard. We commend the government for doing something in that regard, but I say we do not need a new department, or a new name for a department, in order to achieve that purpose.

Although the minister has said that this will cost only a couple of million dollars extra, when we think of the references he made to the personnel that will be required in various branches, and of the empire building that inevitably takes place in a new department—we have only to recall the experience with the Department of Industry—we realize that his estimate of $2 million will fall far short of future realities.

The future costs to be incurred by this department are things the government should have considered, even though it argues that this legislation was inspired by the Glassco report. As I look at the legislation it seems to me it was inspired by the desire of the Prime Minister (Mr. Pearson) to escape the ire of the Canadian housewife, who has suffered so much from rises in the cost of living, a cost of living which has reached an all time high and which continues to spiral at the expense of little people all across the country. That is the problem parliament has to come to grips with, and that is the problem the government has failed to meet in this legislation.

Hon. members have referred to inflation. They have referred to the present high cost economy. They have admitted that prices have run out of hand and that something is necessary to halt these increases. The minister may not like to hear this, but it is a fact that there is inflation in Canada, that it has grown, and that it has been accelerated by the government's actions, particularly its imposition of the 11 per cent sales tax on production machinery, a tax that was not warranted, and the imposition of which was fought by members on this side of the house. That tax was imposed by the government in the face of our opposition and against the desire of industry. Now the government says it is going to establish this new glorified information bureau to deal with the consequences of the action that it took. That is why we feel the legislation is a pale effort to come to grips with the problems of price control.

Another thing which contributed to industrial costs and to the high prices that consumers pay was the removal of the ceiling on interest rates charged by the chartered banks. The Minister of Finance (Mr. Sharp) said this would put more money on the market, yet a few months later the Minister of Labour (Mr. Nicholson) had to come into this house and announce that necessity forced him to raise the interest rate on National Housing Act loans to 8¼ per cent. What an admission this was, that the removal of the ceiling on the bank interest rate did not achieve what the government said it would.

Time after time we have had government actions, all building up to the crisis we are in today, a crisis that robs the ordinary people of the country of the value of their dollar. Yet this government is composed of ministers who went from one end of the country to the other decrying the action that was taken when the Canadian dollar was devalued. Yesterday the Canadian dollar was worth

only 86½ cents as compared to its worth when this government came into office three short years ago. And this has happened during a period of unequalled expansion, expansion that began in 1961 and continued for the longest period in our history. Now all the government says to the consumers is: We are going to give you a glorified information. bureau. We are going to let you know what the proper grades of products should be and how they should be packaged.

Compliments have been paid to the minister. Some have said he will be in a position to become the champion of the housewife, and that some day he might become Prime Minister. I say the minister should beware of what his colleagues have done to him. They have put him on a pedestal from which they can knock him down, because they have not put any teeth into this legislation. That is the challenge facing parliament, to make this bill something more than the façade it appears. When we look at this legislation we must ask whether the price of anything the consumer buys really will be reduced as a result of its passage. The minister knows that the answer is no.

All that the minister has promised so far is that more information will be made available to the consumer regarding the choices open to him. The minister, as a good businessman, knows it is going to be very difficult for him to improve matters with respect to the packaging and labelling of commodities offered over the counter to consumers. When I look at this legislation I immediately think of what was said in this house about misleading statements, fraud, deceptions and so on. We must also remember that the consumer credit committee was set up to deal with the problem of rising prices, and we must remember that hon. gentlemen opposite were fond of billing the Prime Minister during election campaigns as, "this man who cares". I ask tonight, what does he care about if he does not want to tackle the prices problem except by providing a glorified information bureau?

I say to the government that it is not good enough to provide an information bureau when we have the highest cost of living in our history, and when we have a government introducing such measures as the 11 per cent sales tax on production machinery and housing materials, a measure that once set in motion will make its effect felt years after it has been dropped. Whatever government takes power will be faced with the consequences of that particular action, and of other actions taken by the government, such as removing the ceiling on interest rates and making it nearly impossible for people to become home owners, even though the cost of their homes is spread over a 40 year period.

If the government wants to create another department and appoint another minister, let it be a department of urban affairs to cope with the problems caused by shifting population. At present there are tremendous shifts of population from one community to another, from the rural to the urban areas, and government policies should be co-ordinated to take into consideration the increased taxes that result from population movements and the building of new communities.

The government should study the cost of community development, and then take a look at how little it is doing to meet that challenge. If it does so it will realize this legislation is nothing more than the window dressing it is alleged to be by members on this side of the house. Having said all that I say to the minister I wish him well with the department he is going to head; but I believe he has been placed on a pedestal from which his colleagues will try to dislodge him. It will require more than this bill, if the minister is going to be able to bring about conditions that will lower the cost of living and give consumers a little more effective use of the money they have to spend for the ordinary necessities of life.

• (9:00 p.m.)

Mr. O'Keefe: Mr. Speaker, if the hon. member would permit a question, I should like to ask him, since he speaks so vehemently about the cost of living in this country, whether he would suggest that the price of milk, butter and cheese be reduced?

Mr. Nasserden: Well, the hon. gentleman might just as well have asked me if I would stop beating my wife; that is the effect of his question. Neither he nor the government opposite realizes the effect that their deliberate actions have had on the economy of this country. More than that, I wonder whether he realizes that the bonds in Canada today are almost at an all time low, all because we have an inefficient government opposite which has failed to come to grips with the economic conditions in this country. The Minister of Finance (Mr. Sharp) was so full of promise, and yet everything he has done all along the line has backfired. When the hon. member talks about the price of milk, I suggest that he should not think that the dairy farmers even in the eastern provinces are

satisfied with what the government has done. They know that the government has not kept pace with the increasing costs which the farmers have had to pay because of the increase of the price of production machinery in this country, which the hon. member supported in the House of Commons and which his colleagues brought into existence.

Do not talk about the price of eggs, milk, butter or any of these things. Can you buy eggs more cheaply anywhere else than you can in Canada today, so far as the farmer is concerned? Really the answer to this question is that butter is only a small part of the total picture, when it comes to the needs of Canadian consumers. The other items which people buy and which must be manufactured, as well as the items in every other phase of activity, including public housing, take the bulk of the consumers' money today. The cost of these items has increased as a result of such things as the 11 per cent sales tax which is absolutely uncalled for under the circumstances.

Mr. Roxburgh: Mr. Speaker, I too should like to ask a question of the hon. member for Rosthern (Mr. Nasserden). If he had spread the line across Saskatchewan that he has spread here tonight, I would like to tell you that there would be a heavier wheat crop; there is no argument about that.

Mr. McLean (Charlotte): Mr. Speaker, would the hon. member permit a further question?

Mr. Nasserden: I would be glad to hear anything constructive.

Mr. McLean (Charlotte): We have been talking about the price of milk and the price of eggs. Would the hon. member be in favour of an increase in the price of gold, since it is a basis for all our credit, our interest rates and everything else.

Mr. Nielsen: Why not?

Mr. Nasserden: This is an interesting question, because I believe there is a measure on the order paper to provide for the subsidization of gold in this country. I think hon. gentlemen opposite will vote for this measure and I think some hon. gentlemen on this side will vote for it also.

Mr. Andrew Chatwood (Grand Falls-White Bay-Labrador): Mr. Speaker, in rising to address the house in respect of this bill to establish a department of corporate and consumer affairs, first of all I should like to congratulate the minister upon his accepting this portfolio. I have noticed during this debate that hon. members of other parties have also extended their good wishes.

This will be a challenging department. It has been said here that probably there is legislation which is administered by other departments which covers areas which will be covered by this new department. However, unlike some of the members who have spoken and have looked back, I should like to say that I believe it is more important that we should look forward. I believe this new department is a forward looking department and has a forward looking minister.

The problems of the consumers today will not be solved by looking backward; they will be solved by looking ahead. The objectives contained in this bill cover several areas. One objective is that the consumer will be given a voice, through committees or through advisers to the government, in respect of matters affecting him. Another aim of the bill is, by legislation, research and education, to improve the quality of consumer demand and thereby place him in a better position to evaluate the products on which he is spending his income. It will also provide orderly channelling of consumer submissions and inquiries. One of the functions of this department will be to work with the provinces on the problems of the consumer.

It would be ideal if by simple legislation we could achieve the direct result of legislating on the price of every single item on which every person in this country spends money. I do not believe, however, that even the most vehement objectors to the contents of this bill would suggest that this is possible. It is neither possible nor desirable. But it is desirable that the consumer should be able to spend his or her income in the most effective way. The bill is entitled, "An act to establish a department of corporate and consumer affairs." I think the name "corporate and consumer affairs" is good. I believe it is most important that we endeavour to help the consumer. I also think that one should not attempt to segregate the consumer and the corporation. When the consumer spends his or her dollar it goes to someone else, and the consumer receives something in return. We hope to see that the consumer receives better value.

It is hoped that this department will be able to better educate the members of the public in respect of their buying. When I say it in that way, it sounds very simple, but it is not something which can be legislated easily.

All members of this house of course are consumers. Some of us are knowledgeable about some items we all buy and others are knowledgeable about other items. Even if we take the example of a simple item like a package of soap, it is difficult to say how far one can go in evaluating what is contained in the package. Do you evaluate its capacity to clean or its ability to work in hard water or soft water? The actual weight of the contents by volume can be printed on the package. You can give a realistic evaluation of the size of this item, but you cannot evaluate its full chemical ability.

• (9:10 p.m.)

It is hoped that this department will also be able to combat the practice of price fixing whereby a price is agreed upon by various manufacturers so that there is no competition with respect to the product. The most important function the department will have, as far as the consumers of Canada are concerned, is that it will release the competitive forces among various manufacturers and suppliers, because the bases upon which we operate are competition and fair selling practices. I hope the department will investigate the problems inherent in some of our service stations. I refer to what amounts almost to an impossibility in some areas for service stations to operate unless they are franchised by one of the major suppliers of oil, gasoline and oil products.

We also have monopolistic monsters in the form of chain stores and chain groceries. While we cannot claim that they have a complete corner on the market, at least not in the big cities because there are various chains, they do have control in that they are beginning to own the supply house for the supermarket as well as the retail operation. While they compete strongly in certain items that they advertise heavily and display prominently, there are other basic, stock items carried in these stores with regard to which, by keeping a close eye on other chains, the price is not as competitive as it might otherwise be.

There is another area that I hope this department will look into. I refer to the lending houses which lend large and small amounts of money at what would appear to be a high rate of interest that is not always well identified. I believe this situation is being corrected so that the individual borrower will be able to evaluate the interest charged on his loan.

[Mr. Chatwood.]

Many of the problems facing the consumer today are caused by our prosperity. They are the problems inherent in a high standard of living and in the fact that we now expect to have more and to live better, as we should. We have these problems, and we welcome them. But we also have the problems of poverty, to a lesser degree, in our smaller areas. These are problems which it is hoped the new department will combat. I believe the department will combat them effectively. I am pleased to learn that the new department will have control in the area of bankruptcy. In this field the department will be working closely with the R.C.M.P., which is so effective in many areas. Working with the R.C.M.P. in bankruptcy matters will I am sure assist the department to be extremely effective.

Bankruptcies will of course occur. However, when a bankruptcy occurs the consumer still pays, because the end result of the operation of any company is to make a profit, and the figures in the bottom right-hand corner of the balance sheet show this profit. Profit is the end result of any company. If a company does not make profit, it will not stay in business. If the creditors of a company do not pay their bills, the company must make its basic profit or at least break even, otherwise it goes out of business. The result of a company going out of business comes back to the consumer just like the wave from a stone thrown into a pond.

We are told that this new department will hear from task forces which will consult experts from the business and academic worlds. These task forces will supply ideas to the department and keep it informed of the latest developments in the economic world. I believe this is an important function of the department of the future, because consumer affairs are a reflection of what is happening to each and every person in Canada today.

As the world around us changes, so must the forces affecting the consumer change. It will not do to establish a department and say: This is good; we now have the solution. We do have a method of seeking the solution today, and I am pleased to know that the department will seek advice and will keep in contact with the consumer. It is comforting to know that the department will receive fresh ideas from people outside the department. In this way this department of the future will not be allowed to become stale.

The department will also be concerned, in co-operation with other departments, in the establishment of fair weights and measures.

It is perhaps difficult to establish a system of fair weights and measures and lay down firm rules and say: This is what you will do. I do not think that in our society you can say: You must pack peas in a quart can; you must pack carrots in a pint can. But you can ensure that weights are properly shown and identified in terms that the consumer can understand. I think this will be done.

In some areas, particularly in the area of advertising, there are problems which I hope this department will attack. It is simple to say that the major cost of any retail items is the advertising that the manufacturer and the supplier undertake. The money the manufacturer or supplier spends on advertising always goes into the cost of the product and is paid by the consumer. I do not think we can say legislatively that there will be no more advertising. I do not believe this would be fair.

I do not think this sort of approach would be a proper one in our society, and it is not realistic. I say this because there are several factors involved in the cost of an item. One of the major factors is volume. Advertising makes a product known, particularly a new product. Through advertising, the product sells. If it sells in volume, it can be sold to the consumer at a lower price. It is therefore difficult to say whether advertising is suitable or excessive.

I think we all know that when a new product comes on the market, the manufacturer expects to lose money at the start of his operation. He expects to lose money because at the start of the operation he has to undertake more advertising and he also has a very small volume. As volume builds up and advertising comes down, the price becomes more realistic.

• (9:20 p.m.)

There is one type of advertising to which we in Canada are exposed, that I consider to be completely unfair. I find it irritating, to say the least—although I am not a great follower of contests—to pick up a magazine that is sold in Canada and that advertises a product sold in Canada, and read an advertisement of a contest to give away a new car or a television set or offering a trip to a distant point with a companion of your choice, and then read in the bottom line of this advertisement that the prize is not available to residents other than those of our great neighbour to the south, the United States. I suggest that if we are to have such advertisements of products sold in Canada and if there are to be contests—contests are good things because many people enjoy them and there are even some who win—then I think the winners should be allowed to be Canadians.

There are also problems in advertising at the retail store level. How do we establish what is advertising and what is not? We know that when a retail store has a sale, it offers door openers and loss leaders. Seasonal goods are sold at reduced prices, at or below cost. Door openers are often well below cost so as to attract the crowd early in the morning, and in each department of the store a loss leader is often sold at or below cost. The other items in the department are marked up to cover the loss on the items that are sold at or below the cost price. I think it is unrealistic to try to legislate prices all across Canada, so that each item would cost the same in every part of the country. This is not the way in which our retail operation works and I do not think it should be. It would not be as interesting to go to a store if this were so.

Another matter which should be considered by the department is safety. We have covered the matter of packaging, labelling and sizes. These are difficult matters. It is difficult to establish a fair price and to legislate it. I do not think it is desirable to legislate the price of every item sold. The staff necessary to do research in this field and to follow the costs of manufacturing and the other costs involved would entail an expense outweighing the profit from the sale of the product.

I think the objectives of the department are entirely realistic in that it provides a forum for the consumer who feels that something is out of line. If the consumer feels that perhaps he is being cheated by some manufacturer, he will have someone to come to who can investigate his complaint and approach the person responsible, forcing him to reduce the price either by giving him the velvet glove treatment or by threatening adverse publicity or even, if necessary, by taking legislative action. I suggest that firm action should be the last resort.

Another problem with which the department should concern itself is that of the isolated consumer. Consumers in the more isolated parts of Canada have to pay a greater price for a product than the price for which it sells in the large centres. The fact is that the volume of sales is greater in the big city stores. The costs of transportation and freight force the price of the products up in the isolated areas. However, there is another

question which has not been considered and which has to do with advertising. Many of the isolated consumers are out of reach of television and radio advertising. Yet the cost of advertising on radio and television as well as in the newspapers is included in the cost of the product at the manufacturing level. This part of the price is not taken off when the goods are sold in the isolated areas. I hope the new department will take into account the excess price that is being paid in these areas and will consider whether or not it is realistic. The department will also have to consider whether or not the cost of transportation is realistic. Of course this also applies to the price of eggs in Labrador, where national advertising does not reach the people.

I hope the department will also take a look at some of the adverse advertising, such as the tremendous advertising campaign which was put on to prevent consumers from buying a certain product. The department has a duty to stop such advertising, especially when it is erroneous and untrue. I am referring to a campaign which was launched recently with regard to the purchase of sealskins. The people behind the campaign are unknown to me. Perhaps it would be wrong for me to suggest that people wishing to sell another product provided the funds for this campaign. However, I do think that such advertising should be controlled by the department, as it is directed at the consumer and results in a choice of other products by the consumer.

A question which the department may find difficult to answer is the reason for the rising prices. I think the department is realistic in trying to provide a forum for the consideration of complaints of consumers. In many cases high prices are the result of inefficient management at the retail level, due to waste or loss of time. I do not think the department will be able to evaluate every single operation and say to every single inefficient manufacturer "You are inefficient and you should go out of business". Efficiency cannot be legislated into every retail operation. Such an operation could be brought to the attention of the department, which will be able to study the matter and discuss it with the manufacturer or the retailer and bring to his attention the fact that he should lower his prices, thus enabling him to increase his efficiency.

This bill will have far reaching results in Canada. The provincial and federal authorities will be able to work together with the consumer, and thus I believe this is one of the most significant pieces of legislation to come before the house. It will provide information and protection to the consumer. I believe that under the leadership of this minister the departmnet will be able to use both the velvet glove and the steel fist.

[Mr. Chatwood.]

[*Translation*]

• (9:30 p.m.)

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to join the preceding speakers to congratulate the future incumbent of the new department for having succeeded in convincing the Prime Minister (Mr. Pearson) of the necessity of such a department, not only because of the high cost of living but also because of the threat of inflation which is ever present and partly due to extravagant expenditures by various departments of the present government.

If it is true that the cost of living has increased, it surely cannot be denied that this increase has been unreasonable and disorderly since the cost of living index which stood at 133 in 1963 has reached 150.7 last September. This proves the necessity of establishing such a department and we wish the best of luck to the minister in his task, because he has been given a most important job.

Mr. Speaker, consideration of Bill C-161 is an opportunity for the opposition to fulfil its role. It should be recalled that the main duty of the opposition is to make sure that public funds are wisely expended in the best interests of the taxpayer, and I believe that my colleague from the Yukon (Mr. Nielsen), in speaking as he did, has simply used his rights and privileges for the benefit of his electors. It is unfortunate that the detailed study of my colleague for Yukon (Mr. Nielsen) seemed to irritate the hon. member for Dollard (Mr. Goyer).

I do not see why the hon. member for Dollard took that opportunity to make insinuations or even to credit him with statements he did not make. He suggested that the hon. member for Yukon, reflecting the policy of the Conservative party, wanted to apply wartime controls, and he went so far as to accuse the Conservative party of having applied such controls.

I should have liked, however, to hear the hon. member for Dollard admit that the Liberals applied such controls during the war, as well as the rationing system requiring the use of tokens and coupons by consumers. We know how much trouble those coupons for

buying meat, sugar and even preserves caused the housekeeper in particular and the citizens in general.

Mr. Pepin: Are you going to blame the war on the Liberals?

Mr. Ricard: No, but if the hon. Minister of Energy, Mines and Resources (Mr. Pepin) wants to take part in the debate, he should do so as I do.

The hon. member for Dollard asked what the Conservative party wanted? Very simple. The Conservative party wants as perfect an act as possible to ensure the Canadian consumer maximum protection. That is what we want. By criticizing the present bill, by pointing out its weaknesses, we are merely performing our duty. And as my hon. friend for Yukon has made a special study of this bill, it is not surprising that he should point out its weaknesses more specifically. Our comments are only intended to improve this legislation.

The hon. member for Dollard said that the policy of the Conservative party was one of deception.

Mr. Speaker, I think that this measure is one of the best smoke screens we have ever seen. We do not see how this measure will allow the minister to guarantee, not that prices will decrease, but that they will remain steady instead of rising as they have done until now. I listened carefully to the two speeches made by the minister, but I do not understand how he will go about assuring the Canadian people, the taxpayers, that they will enjoy the protection which they expect. I have also read attentively the bill introduced in the house and there again, I failed to see what means the minister would take in order to give adequate protection to the housewife and the family bread-winner.

In order to elicit the information we so badly need, may I ask the minister a few questions he will kindly answer when the opportunity arises?

In order to give Canadian consumers adequate protection, will the minister ask the manufacturers to reduce their profit margin when they are already contending that it does not allow them to cut down the selling prices of their goods? Will he ask the retailer to bring his prices down when we are quite aware that the retailers also find it hard to make both ends meet?

A quick look at the reports we receive will show that many businessmen go bankrupt because they are unable to make ends meet, to meet their obligations.

It seems therefore, Mr. Speaker, that the minister will not be able to do anything in this respect. Perhaps he will urge the farmer to accept prices lower than those he is now getting? We all know that the farmer is complaining about his constantly rising costs, at a time when the price he is getting for his products is going down.

Here again, the minister will not find any relief for the consumer. And it is the same in our various everyday services.

Then, on what does the minister base his assurance that consumer prices will be maintained at their present level? It seems to me it is not too much to ask the minister for this information.

Surely, the minister would not want to convince the labour force to accept a wage freeze or even lower wages, so that he may reach his goals.

Now, I wonder, Mr. Speaker, in what fields the minister will endeavour to meet the needs of Canadian consumers, namely, protection against ever-continuing price increases, against inflation which is felt day in and day out.

I repeat, Mr. Speaker, for the information of the member for Dollard, that all the Conservatives want is what the consumers want. And what the consumers want is the assurance that their budget will not always be burdened by a continuous increase in prices.

It seems reasonable to require that for the people, and it is not an impossible task for the minister. We should like to know what steps he intends to take in this connection.

Mr. Speaker, I should like to make further remarks, but to give others a chance to express their views, I shall resume my seat immediately.

• (9:40 p.m.)

Mr. T. Lefebvre (Pontiac-Témiscamingue): Mr. Speaker, I am happy to have the opportunity to express my views on Bill C-161 to establish a department of corporate and consumer affairs.

Once more I am convinced that the present government is showing a growing concern for the citizens of our country. It is a fact which I feel I must stress and call to the attention of all Canadians.

I am pleased also to join with my colleagues to point out that the minister who will head that new department is a young

man, a family man, whose efficiency and devotion to duty have already earned him an excellent reputation.

Mr. Speaker, the new department is the immediate result of the study undertaken by the joint committee of the Senate and House of Commons on consumer credit.

I had the privilege to sit on that committee for several months not only in Ottawa but all across Canada as a member of the sub-committee. I am convinced that every member of that joint committee has been surprised to hear the things he heard. An opportunity was afforded us to question the representatives of several firms in the food industry, manufacturers, distributors, retailers and producers, as well as representatives of various groups of consumers.

I wish to call the attention of the house on the following recommendations of the committee, and I quote:

1. It is recommended further that such a joint committee be established for the life of a parliament in order to provide continuity to its work and that it should act on problems referred to it by Parliament.

2. That a joint committee be established to review consumer affairs and the state of the Canadian economy.

3. That increasing attention be devoted to consumer education both through the educational system and by the wider distribution of information useful to consumers through government channels.

4. (a) That a department of consumer affairs headed by a minister be established.

(b) That immediate steps be taken to promote standardization and simplification of grades, nomenclature and packaging for commonly purchased consumer items.

5. That cents-off labels, in view of their tendency to cause confusion and to distort price relationships, should be prohibited.

6. That the joint committee on consumer credit (prices) continue with its investigation of concentration in the food industry.

Mr. Speaker, it is obvious that the committees of the house are extremely important, and the members of the joint committee can be highly satisfied with themselves for a major contribution to the legislation which will affect every Canadian all across the country. The co-chairmen did a splendid job and I want to congratulate them in particular.

I will be recalled that last year there were some demonstrations and strikes against price increases in several centres of the country. The headlines of all our newspapers attached considerable importance to all those events as well as to the committee dealing with the matter who had begun to sit in Ottawa. The demonstrations have ended for the moment, but they have certainly helped

[Mr. Lefebvre.]

to focus the attention of all those who are responsible of that serious problem.

Not very long ago, most Canadian families purchased their food from the local grocer.

In most cases, the merchant managed the family business with very little outside help. However, since 1945, that business like most of the others, has been transformed. There are few small cities and major towns in Canada that do not have at least one supermarket and these supermarkets practically have the monopoly of retailing.

Five big companies now control 70 per cent of the business; they operate gigantic stores equipped with air conditioning, soft music, restaurants, toys for the little ones and all the comfort the modern housekeeper expects.

The vice president of the Loblaw chain stores, Mr. R. G. Meech, pointed this out and I quote:

Have you ever considered how sad it would be for a housekeeper to go to a store and to see nothing but price tags and goods displays? Life would lose some of its charms.

They—and I speak of women, because the better part of the family budget is spent by the housewife—are used to the luxury and the choice goods they can get at the supermarket.

Here is the question we should ask ourselves, Mr. Speaker: has the vanishing small corner store allowed prices to go down or, for lack of competition, have the prices gone up?

This is where I feel the new department will certainly have an important task to perform.

[*English*]

During the committee meetings, Mr. Speaker, many interesting witnesses appeared. One was Mr. E. S. Cooper, president of Western Grocers Limited. At the meeting held on October 25, 1966, at which Mr. Cooper appeared, I had the opportunity of asking him several questions. I should like to mention a few of them here, as they appear in the eleventh report of the committee at page 730:

• (9:50 p.m.)

Mr. Lefebvre: Are you for or against these deals advertised in stores by labels on goods—10 cents, 20 cents, 30 cents off?

Mr. Cooper: That is the "cents off" problem. No, we do not like it.

Mr. Lefebvre: Nobody seems to like it, but we have asked this question, myself and others here, of everybody who has appeared here. Nobody likes it, but we have all kinds of them. When are we going to get rid of them?

Mr. Cooper: Well, everybody hates it, except the housewife.

Mr. Lefebvre: Not from the comments we get.

Mr. Cooper: Well, it is true.

Mr. Lefebvre: Nobody seems to know what the original price is of all these ideas.

Mr. Cooper: I know everybody gets annoyed, but then everybody is for it.

Mr. Lefebvre: Why do you not do something about it if you do not like it?

Mr. Cooper: We crab. We do not like it because our stock-keeping and inventory problem alone is compounded greatly. It is an insidious thing. But nobody seems to know the answer.

Co-Chairman Senator Croll: Would you like us to help you?

Mr. Cooper: Yes, sir—

Co-Chairman Senator Croll: You have made a deal—

Mr. Lefebvre: Do you think if this was removed it would result in an overall reduction in the next cost of these goods?

Mr. Cooper: Well, I think there would have to be promotions in other forms, but there might be some saving over-all. That is hard to answer You would almost have to try it out to see, but I would think that where there are large allowances, such as those on instant coffee where there is a 15 cent off deal, if that were discontinued there could be a lower regular level for those instant coffees.

Mr. Lefebvre: What seems to confuse the public is that they do not know any more whether it is 15 cents off the price today or the price it was two years ago, or whether the price has changed ten times since the first 15 cents off was offered.

Mr. Cooper: We are all dizzy with it.

If we are dizzy with it, Mr. Speaker, maybe it is time we stopped the merry-go-round.

These same questions were repeated not only by myself but by other members of the committee to various witnesses representing retailers, wholesalers, distributors and consumer groups. This is one field this new department can dig into, because it was apparent from answers received that while the majority of witnesses condemned this practice, it was a prevalent one.

There is another field in which much interest was generated, and that was in trading stamps. Many questions were asked about these stamps and I believe that subsequently one major food retailer in Canada has stopped using them. Some witnesses who were before the committee representing consumer groups claimed that the majority of consumers were against stamps but took them because if they did not, they were losing money, as they were paying for them anyway.

This is stated by Mrs. Susan Hammond, national director of the Canadian Consumers Protest Association, in answer to one of my questions. The answer of Mrs. Hammond can be found at page 2222 of the 28th report for January 17, 1967 which, in part, reads as follows:

Mrs. Hammond: It was found that stamps are issued at a cost of two cents, isn't that right?—So we have paid for the stamps even before we get them. Knowing that the stamps have already cost me two cents, am I to turn around and say, "I don't want them" and give them back, so that in effect they would be making four cents off me at each store? Of course, if I don't personally accept them I can give them to the person behind me. But if you go into a store with a book of stamps and ask for money instead of merchandise, you will have an awful battle on your hands. We feel that these stamp plans should be abolished, and the C.A.C. is going to the provincial government today to ask for this. This is where we are working in conjunction with the C.A.C. But we don't merely want the stamps abolished; we want the two cent saving to the consumer.

Naturally, Mr. Speaker, there are provincial jurisdictions involved in the consumer field and the new department of the federal government must hold itself within its own jurisdiction.

I was happy to hear the minister state on Wednesday afternoon that he was planning trips to all the provincial capitals for consultation with the provincial governments. I am sure if all levels of government co-operate the Canadian consumer will reap concrete benefits from the creation of this new department.

As a result the Canadian citizens will benefit in having, as enumerated by the minister, more protection, maximum standards, full information, strong representation, involvement in the debate, and able maximum use of the department.

Personally, I am convinced that the Canadian citizen does not want this new department to become a "big brother watching over you" department. What we want is a continuation of the free enterprise system in Canada, with the right to a legitimate profit, and the consumer knowing that he is receiving the best goods possible at a reasonable price. I predict this department more than any other will identify itself with the average Canadian citizen.

This is where the advisory council will be of the utmost importance. Let us make certain that there is representation on this council of all elements of our society—from big business to small business and the consuming public.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in the past I have harboured the highest admiration and respect for the minister who introduced this bill. I must say,

however, that after listening to him during the resolution stage and on second reading my opinion has been revised.

Mr. Rapp: Ten o'clock.

Mr. Winch: Since my comments may take a few minutes, and since I do not wish to be interrupted, may I call it ten o'clock.

BUSINESS OF THE HOUSE

Mr. McCleave: May I ask the government house leader what tomorrow's business will be?

Mr. MacEachen: Tomorrow we shall continue with this bill, in the hope of giving it second reading and studying it in committee. After that we shall take third reading of the manpower advisory council bill; then the Industrial Development Bank bill and the Canadian National financing bill. On Monday we shall call a supply motion which will probably last until Tuesday. For the remainder of next week we shall deal with estimates in the following order: on Wednesday, probably, we shall begin with Forestry, then Manpower, Treasury Board and Veterans Affairs.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

AIR CANADA—WINNIPEG—REPORTED INTENTION TO PHASE OUT OVERHAUL BASE

• (10:00 p.m.)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, several times since Thursday, October 5, various members from Manitoba have raised in the house the question of Air Canada's announced intention to phase out the Winnipeg overhaul base. The phase out as announced would start in 1969 and conclude in 1970. On one of these occasions I posted it for an adjournment debate. I know that in speaking about this question tonight I am speaking for all members from Manitoba, for my colleagues from Winnipeg North (Mr. Orlikow) and Springfield (Mr. Schreyer), and for my neighbours from Winnipeg South (Mr. Sherman) and Winnipeg South Centre (Mr. Churchill) and, I hope, for all the other members from Manitoba—I say this trusting that the hon. member for St. Boniface (Mr. Teillet) is also with us on this important issue.

[Mr. Winch.]

Perhaps the easiest way in which to present to the house the feelings of the people of Manitoba about this intention to close the base even earlier than was indicated would be, if there were time, to read an editorial which appeared on October 6 in the Winnipeg *Free Press,* a paper not noted as being opposed to the present government. There is not enough time to read it all but I should like to put two or three paragraphs on record.

When he was in Winnipeg in January 1963, Mr. George McIlraith, then minister of transport in the Pearson government, said that the government had given a "firm guarantee" that Air Canada's overhaul base would continue to function for the next ten years. Mr. McIlraith became quite angry at the suggestion that the base would not be kept in operation until 1973. "It's a firm fact that the base will be kept open for the next decade," he said.

His statement came two months after Prime Minister Pearson told the House of Commons that the base and its workers would remain in Manitoba until at least 1973, and then some other use might be found for it. "For at least ten years, the Winnipeg facilities will continue to be used," he promised.

I shall not take time to read the rest of the editorial. I shall not take time to recount all the statements and promises that have been made and all the rest of the things that have happened since 1948. But I do wish to express tonight the hope that the government of Canada will itself face up to this issue. Looking over the record of earlier questions I have asked about this matter I find that on February 20, 1967, I spoke on it in an adjournment debate and pleaded with the minister who was to answer me that night, now the Registrar General (Mr. Turner), not just to send a copy of *Hansard* to Air Canada but to deal with this issue as a matter of government responsibility. When the hon. gentleman rose to respond to my plea, he said: "That is exactly what I am going to say tonight." The rest of his answer was to the effect that my representations would be drawn to the attention of Air Canada.

Mr. Speaker, I do not want that tonight. None of us from Manitoba will be satisfied with that. We have had enough of it. We want the government to face up to this issue in terms of its responsibilities to the country as a whole. One of the things that has been said about the new Minister of Transport (Mr. Hellyer), apart from all the byplay about his being a candidate for the leadership of his party and so on, is that he wanted to get into the Department of Transport because he was interested in urban problems;

he thinks the problems of our urban communities will be particularly important in the next decade or two. We all agree. If the minister is interested in urban problems, he must be interested in those of other urban communities beside the one from which he comes—Toronto. He is bound to be interested in the affairs of Sydney, Winnipeg and the other urban areas of this country. And if he is interested in urban communities he cannot, in the first few months of his being at the head of the Department of Transport, countenance a move such as this which cannot fail to hurt the economy of Winnipeg and do a great deal of damage to relations generally, even to national unity.

Now, Mr. Speaker, I do not feel it is our responsibility to suggest an alternative, an answer to the problem if Air Canada cannot see its way clear to keep the overhaul base at Winnipeg. We think this should be done. We think this can be done economically at Winnipeg. We think that if Air Canada is enlarging its facilities at Dorval to take care of its new aircraft, this means it needs more space and more overhaul equipment. Why cannot this be done at Winnipeg? We believe it can.

If that is not the answer then the government, which in 1963 said "There will be no change for ten years, and if there is to be a change we will find an alternative answer to the problem," has got to deal with it. The problem has blown up in our face by this announcement that the base, instead of being phased out in 1973, is going to be phased out starting in 1969, and concluding in 1970. That is only a matter of 15 or 18 months away.

Unless the government does something to cope with the problem it is going to create a serious economic situation for Winnipeg, for Manitoba, and a very serious situation for the employees of Air Canada and their families. There is also the whole question of losing valuable technical skills we now have at Winnipeg, and this will not be good.

I see, sir, you are getting to the edge of your chair and so my seven minutes must be up, but I want to say tonight to the parliamentary secretary to the Minister of Transport who, by the smile on his face I take it is going to answer this question, that I do not want the answer that the now Registrar General (Mr. Turner) gave last February, namely that our representations will be sent to Air Canada. We want the government to deal with this important problem because it is important not only to the workers of Air Canada, to the people of Winnipeg and to the people of Manitoba, but it is also important to Canada as a whole that problems like this be faced and solved in a rational way.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I want to thank the hon. member for Winnipeg North Centre for bringing this matter to the attention of the house this evening once more, and of course to thank him also for the generous reference he has made about the new Minister of Transport (Mr. Hellyer). I am sure the hon. member will be prepared to give the new Minister of Transport some time to get into his stride so that he will be able to face up to this urban problem as he intends to face up to other urban problems. As is indicated by the hon. member, the minister still has at least until 1969 before the phase-out begins.

The minister regrets not being able to be here tonight. He is on important business elsewhere but will be back early next week, and I am told he has already made plans to meet with the premier of Manitoba on or about Thursday of next week to discuss with and hear representations by the premier, and his proposals for a solution.

I think it should be stated at this time, Mr. Speaker, that Air Canada did not consult with the Minister of Transport on its proposal to step up the phase-out of the repair plant in Winnipeg. Therefore the hon. member will have to bear with us for a day or two until discussions can be initiated both with the premier of Manitoba, and of course with Air Canada.

Mr. Sherman: Would the parliamentary secretary permit a question?

Mr. Deputy Speaker: Order. No supplementary questions are allowed during the late show.

NORTHERN AFFAIRS—POND INLET, N.W.T.—ORDER STOPPING BROADCASTS BY PRIVATE RADIO STATION

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, yesterday I attempted to inquire of the Minister of Transport his reasons, or the reasons of his department, for ordering the private radio station at Pond Inlet in the Northwest Territories to stop broadcasting.

• (10:10 p.m.)

For the benefit of the parliamentary secretary and other members of the house, by way of background I might say that Pond Inlet is a small Arctic community on north Baffin

island. There are approximately 320 people, primarily Eskimos, who trade into this community. A radio station had been established there as a replacement for the inadequate short wave services of the Canadian Broadcasting Corporation's northern service. I say this, not in criticism of the C.B.C. but because the C.B.C. has been unable to establish a proper Arctic system to relay short wave in the north. The present system they have established is intended primarily to focus on South America. As I understand it, the transmitter at Sackville, which is used for the northern service, is the other end of the South American transmission system.

Certain people in this community, by their own initiative, decided they might be able to put together a small radio broadcasting station which would bring messages to people living in camps and the isolated areas. This was not a station which would meet the standards of the B.B.G. or the Canadian Broadcasting Corporation. It was a pirate station, if one might describe it as such, and it was not the only station of that sort in the north. However, it was technically complete. The Department of Transport, however, decided that this station should not be on the air. Possibly there was some justification for this decision, because there had been some complaints from people in certain parts of Baffin island in this respect.

The important thing at this stage is that we are dealing with the matter of communications in northern Canada. We have heard the Secretary of State (Miss LaMarsh) in discussing her new bill, describe how it is so important to bring radio and television communication to all the people of Canada. We have heard many pious comments as to how we should extend services to the north and other isolated areas of Canada. I am not referring only to the Northwest Territories or the Yukon Territory; I am thinking of Labrador, northern Alberta, northern Saskatchewan and northern British Columbia.

When this station went on the air it was tolerated; when it became a nuisance it was told to get off the air. Despite the fact that probably the parliamentary secretary will tell me that a committee is studying this particular problem, the Canadian Broadcasting Corporation, the Department of Transport and the Department of Indian Affairs and Northern Development have been unable to come up with any idea which would enable them to bring adequate radio service to our people in the isolated areas of Canada.

[Mr. Orange.]

I could tell you quite a bit about the radio station at Pond Inlet. I have here a long telegram from the people in this community describing the problems. It tells how three Eskimos who own and operate the station work eight hours a day without pay. I am not sure whether or not they are inclined to ignore the edict of the Department of Transport. I also have a telegram from the elected councillor for the eastern Arctic on the Northwest Territories Council. It is addressed to me and reads as follows:

> I beg your immediate attention to the re-opening of the privately owned Pond Inlet radio station closed last week by Department of Transport due to no licence. This station has been giving a much needed service in providing communication with the outlying areas beyond the reach of C.B.C. broadcasting.

He is being rather generous in that statement, because the C.B.C. broadcast sputter and stagger on occasion.

> I refer you to paragraph four of statement to council November 26 dated February 15, 1967. Most anxious to have this station immediately granted to re-open on a temporary basis until council meets in November when the problem can be discussed and dealt with.

This telegram is signed by Simonie, a member of the Northwest Territories Council.

I could mention other isolated communities such as Baker Lake. The people of the community there decided that as a centennial project they would establish a private radio station. They started this project in 1966, making their application in the same way that people who might be interested in channel 3 in Toronto might make an application.

Of course, it was a volunteer effort and there was no cost involved. Thanks to certain elements of the Canadian Broadcasting Corporation, even equipment was offered to them. However, suddenly the Department of Transport, having reviewed their application wrote a four-page monologue, dialogue, document or whatever you want to call it, saying that they required further information. The letter from the department stated:

> The deficiencies which have been noted in your application are as follows:
>
> Section 1: In the event the applicant for this proposal is the "Baker Lake Resident Association", then the name of the applicant should appear opposite "(b) Incorporated company".

The letter goes on to say that the board will not recommend the issue of a licence unless the applicants therefor are Canadian

citizens. However, Mr. Speaker, this is only part of the story. The letter goes to say:

Section 9: We do not appear to have received the required technical brief in quadruplicate. This technical brief should be prepared by a broadcasting engineering consultant—

I am talking about a community of 600 people. All they want is a 20-watt radio broadcasting station so that records can be played, arrivals of aircraft announced, who is on the aircraft, community affairs, and so on. I am appealing to the minister, through his parliamentary secretary, to please consider these isolated areas of Canada. Let us do away with technicalities and red tape, so that our small communities may participate in this field in their own way.

I say to the parliamentary secretary through you, Mr. Speaker, that these people are not asking for funds from the federal or territorial treasuries. They are prepared to do this on their own, provided they can break through this little bit of red tape that seems to exist in relation to the granting of licences for radio stations and other means of communication in the north.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I can agree with the hon. member for Northwest Territories (Mr. Orange) that there is probably nothing more infuriating to members of parliament and people making applications on the scale mentioned by the hon. member than to have their applications delayed or refused.

I refer now to the Baker Lake application. There is no question that this small community would not be in a position to provide the large amount of money required for a survey to be made by the proper, officially designated technicians. However, there are certain regulations with which we must conform. People flying in the north and others who make use of radio and other means of communication must be protected in some measure from interference which may cause them to become lost. To become lost in this area of the country could be nothing less than a tragedy.

• (10:20 p.m.)

The first matter raised by the hon. member is one that has engaged the attention of the department for some weeks. I believe that as a result of the various complaints that were sent in to the department from the R.C.M.P., the Hudson's Bay Company and the department of Indian affairs to the effect that their communications systems were being seriously affected, an inquiry was made and the operators of this station were asked to provide certain information with the hope that a licence could be granted if and when the operators were prepared to upgrade measurably the equipment they are using. I believe the equipment was described as being dirty, not necessarily oily and greasy but causing considerable interference for other legitimate communications.

I am sure that the hon. member, who has an abiding concern for all of the problems in the north country, will be happy to learn that some progress is being made in the application—

Mr. Speaker: Order, please. I must advise the hon. member that the time allotted to him has expired.

TRANSPORT—PRINCE EDWARD ISLAND CAUSEWAY—PROVISION FOR RAILS

Mr. David MacDonald (Prince): Mr. Speaker, usually in the adjournment debate one is only fortunate enough to have the parliamentary secretary answer his question, but tonight I feel doubly honoured in having both the Minister of Public Works (Mr. McIlraith) and his parliamentary secretary in the house. In a way this adds a feeling of assurance to the great disappointment I had this afternoon when I attempted to put what I thought was a very straightforward question to the minister in order to seek assurance from him that rail service would continue to be provided to and from the province of Prince Edward Island. I raised it in connection with a question raised yesterday afternoon by my colleague, the hon. member for Queens (Mr. Macquarrie) with respect to the possible inclusion or not of a railway service on the proposed causeway. Today the minister replied that since a study was still under way on the matter of the causeway he could not answer the question one way or the other. However, I asked him simply to assure the people of the province that we would continue to have rail service, whether it be by ferry or by causeway.

When I finally did get an answer, the minister said the policy of the government was well known in that regard. This is somewhat disturbing to me because I am not at all convinced that the policy is clear, and I am quite sure there is a growing amount of frustration in Prince Edward Island, both over the kind of treatment Prince Edward Islanders feel they have been receiving lately over the whole handling of the causeway

project, and particularly over their major means of economically transporting goods and materials, namely the railway. I hope that in the next minute or so I may point out clearly to hon. members and to the minister how critical the railway service is to Prince Edward Island.

I think it is important for us to realize that we are in a unique situation with regard to the railway service. In most cases where railway traffic is used to transport goods the normal procedure is for the railway cars to be loaded, shipped from point A to point B, unloaded and reloaded again and shipped back from point B to point A. Unfortunately in Prince Edward Island we are in the rather strange dilemma of shipping as many empty freight cars off and on the island as we ship loaded ones. In normal years, for instance, we convey off the island some 28,000 railroad cars loaded with various kinds of vegetable produce and a small amount of fish, but actually we ship off the island every year some 55,000 cars, meaning that a good half of those cars are riding empty. In another time of the year we bring to the island bulk fuels, fertilizers, construction materials and things of that nature, but unfortunately there is no freight to send back. Therefore, if the possibility of abandoning rail traffic was even remotely contemplated by those who are designing the transportation system of the future, as it will affect Prince Edward Island, this would mean that we would have to carry by truck all our major materials, both the goods that we ship to market and goods we must import. This would mean that we would have to ask a major trucking firm to transport empty vehicles half the time. I know of no trucking firm in this country or any other that could do that and offer an economic service to the user.

I have been told by people who are in the business of analysing these matters that even were we to provide 65 per cent back freight, our shipping costs would immediately double and, in many cases, triple. Those who are familiar with the difficulties we encounter in the maritimes know that we have great problems associated with transportation rates that are levied against our goods. Even though we have received special consideration in the past, some of which unfortunately has disappeared in the last few months, we have just barely maintained a competitive position. One shudders to think, Mr. Speaker, what would occur in Prince Edward Island and to its economy if we were suddenly to be faced with double or triple transportation costs on our major products.

In conclusion, Mr. Speaker, I should like to refer also to what I regard as a major moral and economic commitment to the province as laid out in the terms of confederation, a contract or a covenant between the province of Prince Edward Island and the government of Canada. There was a covenant to provide continuous communication with the mainland; and by "communication" I do not mean a phone call, a telegram or a letter. I mean the transporting of individuals and goods to and from that province.

If there is to be even the slightest cessation or the slightest retardation of our service to Prince Edward Island, in my opinion, it will be a major default, in the federal government's responsibility to our tiniest province. Frankly, I have been disturbed by the attitude which has seemed to exist on the part of Canadian National Railways in terms of the way in which they have looked after their roadbed on the island over the past few years, and the number of substations that have been phased out. I realize that in dealing with these specific issues I should turn my attention to another minister. However, I am hoping to hear from the Minister of Public Works (Mr. McIlraith) a very strong assurance regarding future designs, either by ferry service or causeway, which will assure the island of railway service as long as it is economically and socially necessary.

• (10:30 p.m.)

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I want first to thank the hon. member for his reference to my presence here tonight, but more particularly for his reference to the presence of my parliamentary secretary, because I think very highly of that gentleman.

I must admit frankly that I did not properly understand his question this afternoon. I did not hear it clearly; I now have the *Hansard* blue with me and it is quite evident from that that I did not.

Perhaps because I am more limited than he in the time allocated to me to answer his question tonight, I can best serve the purpose that he has in mind by rereading a paragraph from my statement on May 31. The hon. member will recall that at that time we had decided not to award that part of the contract on which bids had been called for the crossing; and that subsequently we had to select a co-ordinator to re-examine the design of the crossing. However, I should like

to reread that part of my statement relating to the assurance that was given to the people of Prince Edward Island in connection with the railway. As reported at page 779 of *Hansard* for May 31 I said:

> Before taking the decision not to accept the tenders submitted, the Minister of Transport and I met with Premier Campbell of Prince Edward Island and explained to him the considerations involved in this decision. At his request the government has agreed, in its reassessment of design, to examine whether a simplified method of including rails on the crossing would be practicable.

Then this is the important part, Mr. Speaker.

> It was made clear to the premier that whether or not a decision was finally made to provide rails on the crossing, the government of Canada recognizes that there is an obligation to provide efficient rail service to Prince Edward Island so long as there is any effective demand for such service, and the government has every intention of carrying out that obligation, regardless of the method by which rail cars are transported from the island to the mainland.

In view of speculation in the press I should add that in the reassessment of the design that is being made we are, as I indicated, looking at all the variations regarding completion of the crossing. One of these is the possibility of having to build it without rails owing to the cost factor. However, I want to make it very clear that the state of this study and reassessment is such that I can give no information one way or the other on the study at the moment.

I should also mention to the hon. member that before the summer recess I did give an assurance that when enough information was available to make worth while communicating it to hon. members I was quite agreeable to having the committee that deals with public works estimates reconvened so as to hear what was the state of the report on this reassessment.

Motion agreed to and the house adjourned at 10.33 p.m.

HOUSE OF COMMONS

Friday, October 20, 1967

The house met at 11 a.m.

TRANSPORT AND COMMUNICATIONS

Fourth report of standing committee on transport and communications—Mr. Macaluso.

PUBLIC SERVICE

ADOPTION OF FURTHER RECOMMENDATIONS OF ROYAL COMMISSION

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, I should like to table in English and in French a statement of 28 additional recommendations of the royal commission on government organization which have been adopted by the government.

Mr. Speaker: Has the minister leave to table this document?

Some hon. Members: Agreed.

THE CANADIAN ECONOMY

INQUIRY AS TO GOVERNMENT MEASURES TO INCREASE PRODUCTIVITY

On the orders of the day:

Hon. George Hees (Northumberland): I should like to direct a question to the Minister of Finance. In view of the widening productivity gap between this country and the United States, our greatest industrial competitor, does the government intend to introduce legislation at this session to induce greater industrial productivity in this country?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, quite a number of the measures that have been adopted by this parliament have had as their purpose increasing the productivity of Canadian industry. If the hon. gentleman is referring to taxation policy this is, of course, a matter that is being reviewed very carefully in connection with the general plans for the reform of the tax structure; and this question of productivity will certainly be taken into account.

Mr. Hees: A supplementary question. Does the minister not believe this matter is so serious that it will be necessary to introduce tax incentives in the immediate future to arrest this serious situation?

Mr. Speaker: Order. I think this supplementary question is of an argumentative character.

PARLIAMENT HILL

USE OF PUBLIC ADDRESS SYSTEM AT ANTI-WAR RALLY

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Public Works and ask him whether he has informed a committee which is organizing an anti-Viet Nam war rally for parliament hill tomorrow afternoon that they may not use a public address system. In view of the fact that the right of free speech should include the right to be heard, is the minister prepared to reconsider his decision in this regard?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I shall be very glad to deal with this question, but I first want to comment on the gratuitous reference that the hon. member added to his question. The right of free speech does not always involve the use of parliament hill and certain equipment on parliament hill for other activities.

Some hon. Members: Hear, hear.

Mr. McIlraith: In addressing myself to the question may I say that last night I was in communication with a representative of the committee, and I advised him of the practice that has been in long usage on parliament hill, namely that the government does not provide loudspeaker equipment or platforms or permit groups or bodies to bring such equipment on to the hill to make a presentation to the public of the country. I do not know how long this has been the practice, but it is a very long time, Mr. Speaker. I assured this gentleman that he would be treated in exactly the same way as other groups and organizations had been treated. This type of problem is not a new one but a continuing one.

I also told this representative that I could not accede to his request that I overrule the decision of the committee set up by the government to deal with these matters. I stated that the proposed presentation to be made on parliament hill was not of such a nature that it could be considered, as he had requested, part of the centennial performances that had been presented on the hill this summer.

Mr. Douglas: Mr. Speaker, may I ask the minister a supplementary question. Is it not true that the organizers of the previous peace rally which was held on parliament hill, and the farmers' rally which was also held on parliament hill, were allowed to use the public address system?

Mr. Speaker: Order. The hon. member for Burnaby-Coquitlam is presenting an argument in favour of his contention, and as such his question is not acceptable.

Mr. Douglas: Mr. Speaker, on a point of order, surely I am entitled to ask—

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

Mr. Douglas: Yes, Mr. Speaker, I am rising on a point of order. Surely I am entitled to ask the minister whether there has been a change in policy, and whether this policy which is now being applied is not the one that was applied to previous demonstrations.

Mr. Speaker: Order. That is not what the hon. member asked. The hon. member for Kamloops on a supplementary.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to put a direct question to the minister—

Mr. McIlraith: Mr. Speaker, I think there is a point involved in this question—

Mr. Speaker: Order, please. I have recognized the hon. member for Kamloops. In his reply the minister might take the opportunity to reply to the question asked by the hon. member for Burnaby-Coquitlam.

Mr. Fulton: I intend to put the direct question to the minister. Is it a fact that the rules presently in force prohibit groups which come to parliament hill from providing themselves with a loudspeaking system and using it?

[Mr. McIlraith.]

Mr. McIlraith: Yes, Mr. Speaker. That does not involve any change in the policy or practice effective over the years. By way of clarifying a point of fact, I should recall to hon. members that the farmers' group which came to parliament hill had arranged that ministers would explain government milk policy to them. There were large numbers of farmers, more than could be brought into the House of Commons, and the loudspeaker system was provided for ministers to make a statement on government policy and for the representatives of the farmers to reply. That kind of public usage of a loudspeaker system was most useful.

Mr. Fulton: A supplementary question, Mr. Speaker. May I ask the minister if he approves of this policy of discrimination, under which ministers may use loudspeakers but the public may not? Does the minister approve of that policy?

Mr. McIlraith: I think the government must carry out its responsibilities as best it can in regulating the usage of public loudspeakers. There are other places in Ottawa where organizations may obtain space for their presentations. Surely the government must assume some responsibility for the use of parliament hill and the parliament buildings. I should make very clear to the hon. member that if he had listened to the answer given respecting the farmers' organizations—

Mr. Speaker: Order, please.

Mr. David MacDonald (Prince): A supplementary question, Mr. Speaker. In referring to these regulations the minister mentioned something about a committee. Could he inform the house whether that is a committee of this house or whether in some way it is related to your office, sir?

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre has a supplementary question.

Mr. Stanley Knowles (Winnipeg North Centre): My supplementary question, Mr. Speaker, is related to the one that has just been asked. Is the use of parliament hill solely under the prerogative of the government? Should not the Speaker have something to say about it?

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. We might go to another subject.

BRITISH COLUMBIA

REQUEST THAT TERM OF LIEUTENANT GOVERNOR BE EXTENDED

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I wish to direct a question to the Acting Prime Minister. In view of the report in one of this morning's newspapers that the Lieutenant Governor of British Columbia, General Pearkes, has been asked to remain in that office for a further period of time, may I ask the Acting Prime Minister whether General Pearkes has agreed to do so? Such a decision, I am sure, would be warmly welcomed by all residents of that province.

Some hon. Members: Hear, hear.

Hon. Paul Martin (Secretary of State for External Affairs): I am not aware of the facts, but I shall bring the matter to the attention of the Prime Minister.

FINANCE

INQUIRY AS TO SECURITIES AND EXCHANGE LEGISLATION

On the orders of the day:

Hon. E. D. Fulton (Kamloops): I wish to ask the Registrar General if he is aware of the report of the recommendations of Mr. Langford regarding co-operative measures between federal and provincial authorities in connection with securities and exchange control. May I ask the minister if it is the intention of the government to incorporate such provisions in its legislation and, in any event, is it the intention of the government to introduce legislation on this matter during the present session?

Hon. John N. Turner (Registrar General): I read the report of Mr. Langford's remarks this morning. As I said when introducing the bill on corporate and consumer affairs, we are studying this proposal carefully. I also said that I believe we ought to have a federal presence in the securities field because of the national importance of the capital market. I hope to submit proposals on the subject to my colleagues shortly.

[*Translation*]

LABOUR CONDITIONS

STEPS TO PROVIDE ADDITIONAL MANPOWER IN MINING INDUSTRY

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration.

In view of the manpower shortage in the Canadian mining industry, does his department intend to take immediate steps to remedy the situation?

Mr. Speaker: The hon. member for Saint-Hyacinthe-Bagot will agree with me that this question seems to be of a very general nature and therefore, cannot be put at this time.

Mr. Ricard: Well, Mr. Speaker, I believe this matter is of national importance because the mining industry has to cope with a manpower shortage and could use 8,500 workers right away. Unless immediate steps are taken, this industry will surely be in a difficult position within a few months.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I have met recently with representatives of the mining industry and the new system which came into force on the 1st of October will undoubtedly enable the industry to obtain the manpower it needs.

Mr. Ricard: Mr. Speaker, a supplementary question. Am I to understand that there are no special steps being taken to meet this situation?

Mr. Speaker: Order please. I think the supplementary question is argumentative.

[*English*]

POWER

COLUMBIA RIVER—REQUEST FOR PAYMENT OF INTEREST ON OVERDUE BONUS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Acting Prime Minister, one of great interest to British Columbia. In view of the fact that the government of British Columbia is entitled to a $12 million bonus or $16,000 a month interest as a result of the early completion of the Duncan dam, has the government of Canada been approached with a view to advancing this interest to the province of British Columbia in the meantime? Can the minister tell us what has happened to date?

Hon. Paul Martin (Secretary of State for External Affairs): As the hon. gentleman knows, there is no obligation on the part of

the federal government in these circumstances to reimburse the province of British Columbia, particularly in the light of the fact that the United States does not deny owing the principal amount. We fully concur with the government of British Columbia that payment of the principal amount should be made to Canada for British Columbia forthwith, and that there should be a rate of interest levied and accepted by the United States for the delay in making the principal payment.

I am sure the hon. member's question was not in any way inspired by a desire to create the impression that there is any difference between the government of Canada and the government of British Columbia. On this matter the government of Canada and the government of British Columbia act together in making a demand which is based on the treaty with the United States.

Mr. Herridge: Can the Acting Prime Minister inform the house whether there is complete agreement between the government of Canada and the government of British Columbia with respect to the government of Canada advancing this interest in the meantime?

Mr. Martin (Essex East): I think I have answered that question.

LABOUR RELATIONS

NEWFOUNDLAND—STEPS TO PREVENT STRIKE AT ELECTRONICS COMPANY

On the orders of the day:

Mr. Joseph P. O'Keefe (St. John's East): I have a question for the Minister of Labour; in his absence perhaps I can address it to his parliamentary secretary. Has it been brought to the attention of the Minister of Labour that there is a possibility of strike action being taken by employees working for Cossor Electronics in Newfoundland? If so, what if any action has been taken by the Department of Labour to prevent this strike?

Mr. Speaker: Order. It is difficult for the Chair to judge the question of urgency from the way the question is asked. I think there is some doubt about it. Perhaps the hon. member would consider discussing the matter in the adjournment debate.

Mr. O'Keefe: It is urgent because it affects a satellite station in St. John's East which could be shut down at any time.

[Mr. Martin (Essex East).]

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): The hon. member is accurate when he states that this station could be shut down. If they are not already on strike, a strike is contemplated. But I must point out to the hon. member that if the union went on strike they would be perfectly within their rights to do so, as they have proceeded with all the proper preliminary steps. I may say in conclusion that the union has accepted the majority report of the conciliation board. If management would do the same and show a little good faith there would be no need for a strike.

Hon. Michael Starr (Leader of the Opposition): Can the parliamentary secretary inform us whether the Department of Labour has made available the services of an industrial relations office at this point in order to help bring about a settlement without a strike?

Mr. Mackasey: Mr. Speaker, I am very pleased to say that for the last two weeks the Department of Labour, through its industrial relations branch, has placed a senior officer of the department at the disposal of both parties. I am fully convinced that if there is a strike it will not be as the result of any negligence on the part of the government or of the Department of Labour. I repeat that the conciliation board report has been accepted by the union, and if management would do the same and show good faith in bargaining there would be no need for a strike.

Mr. Starr: As a further supplementary question, is it not almost imperative for the government at this point to arrange a meeting, through the industrial relations office, with both parties in order that they may make an attempt to settle their differences?

Mr. Mackasey: The suggestion is a good one and has already been acted on.

Mr. Starr: Are they meeting?

Mr. Mackasey: They have met, and I should hope that when management has had an opportunity to review the conciliation board report the strike will be averted.

NOVA SCOTIA

REQUEST FOR REPORT ON MEETING WITH DOSCO OFFICIALS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Yesterday a meeting was held in Halifax between representatives of the Nova Scotia government and Mr. T. J. Emmert, president of Dosco and his cohorts. Is the minister in a position, because of the government's concern and responsibility, to report on that meeting? Further, may I ask the minister is it the intention of the government to have a representative at a subsequent meeting to be held in Toronto concerning this very serious matter?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I am not in a position to give a report on yesterday's meeting, although I discussed the matter with the premier of Nova Scotia late last night. I understand a further meeting with the company is to be arranged by the provincial government, and following that it is proposed to have a meeting with the government of Canada. We propose to meet just as soon as it is convenient for the government of Nova Scotia.

CANADIAN PACIFIC RAILWAY

CALGARY—PROTESTS RESPECTING SHOP LAY-OFFS

On the orders of the day:

Mr. H. R. Ballard (Calgary South): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. On Wednesday I addressed a question to the minister relative to the lay-off of 400 C.P.R. workers in Calgary, and the minister said he would look into the matter. Has he had an opportunity to look into the situation and, if so, has he anything to report to the house at this time?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, probably I should have answered this question yesterday, and I hope I may be excused for not doing so. The Prime Minister has received a wire with reference to this matter, and it is correct that a certain number of men have been laid off.

I have the same complaint to make concerning this lay-off that I have made with regard to the lay-off made by Dosco. I mean that notice of the lay-off was not given soon enough, but I understand the lay-off is for four weeks only and that a certain number of men have been called back to work. So far as the others are concerned, I do not think we will have any trouble finding jobs for them if the necessity arises.

Mr. Ballard: Mr. Speaker, I appreciate the background of the case given by the minister, but as a supplementary question I would like to ask him whether the government is going to do anything constructive in this situation.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Will he, on behalf of the government, convey thanks to the Owen Sound junior chamber of commerce for representing the chamber's 250 club organizations across Canada in an international movement in which 90 countries are participating in the erection of a memorial cairn honouring the late Dag Hammarskjold. The Owen Sound club is contributing a stone—

Mr. Speaker: Order, please. I am sure the minister has noted the representations made by the hon. member for Grey North.

Mr. Frank Howard (Skeena): Mr. Speaker, I do not know to whom I should direct this question. May I inquire why it is there are a number of people standing in one gallery while just to Your Honour's right there is a gallery with empty seats.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO INTRODUCTION OF AMENDING LEGISLATION

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the parliamentary secretary to the Minister of Labour. When does he expect that the amendments to the Unemployment Insurance Act will appear on the order paper?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I am sure the hon. member, who is a former minister of labour, knows that when that

moment arrives the announcement will be made in due course by the Minister of Labour, who is absent from the house today.

FISHERIES

INQUIRY AS TO ESTABLISHMENT OF STRAIGHT BASE LINES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, may I direct a question to the Acting Prime Minister. Would the Acting Prime Minister mind having a word with the Secretary of State for External Affairs to see if he can develop some mobility in the establishment of straight base lines?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, when the external affairs committee meets, which I hope will be some time next week, I shall be in a position to meet my hon. friend's suggestion.

ATLANTIC DEVELOPMENT BOARD

INQUIRY AS TO COMPLETION OF DEVELOPMENT PLAN

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, some days ago I asked the Minister of National Health and Welfare, in his capacity as reporting to this house for the Atlantic Development Board, when we might expect completion of the comprehensive development plan for the Atlantic region. Could the minister now inform the house of the completion date?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I cannot inform the hon. gentleman of the specific date, but I will do so at the earliest possible moment.

FINANCE

LEGISLATION TO RETAIN LIKENESS OF QUEEN ON BILLS AND COINS

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, my question is for the Acting Prime Minister. I regret that I have not been able to give him notice. The question is prompted by the bill which was introduced yesterday by the hon. member for Laurier. Has it been brought to the attention of the Acting Prime Minister that details are now being worked out in respect of another bill which will be introduced in this house seeking approval for the likeness of Her Majesty Queen Elizabeth II, Queen of Canada, to appear in future on both sides of Canadian bank notes and coins? I will introduce this bill myself on Monday.

[Mr. Mackasey.]

CANADIAN CENTENNIAL

BRITISH COLUMBIA—DELAY IN PRESENTING PHYSICAL FITNESS CRESTS

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, this question is directed to the Secretary of State and is prompted by a news article which appeared in the *Globe and Mail* of yesterday. I should like to ask the Secretary of State whether it has been brought to her attention that thousands of pupils in British Columbia are still awaiting the centennial crests for which they qualified in the centennial physical fitness program. Would the minister make inquiries concerning the delay in this regard which has caused such diappointment to these young people.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I did see the news report and I have checked it. I found—and I do not know whether this is related to the general fitness of the people of British Columbia—that rather more children won the gold and silver awards than had been anticipated. We have run out of these awards. These have been reordered and we hope to have them very shortly, at which time we will send them on.

HEALTH AND WELFARE

INQUIRY AS TO REGULATION OF CIGARETTE ADVERTISING

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question which I should like to direct to the Minister of National Health and Welfare. I wonder whether the minister would undertake in the interests of public health to give consideration to encouraging the regulation of cigarette advertising.

Mr. Speaker: Order. This question is similar to a number of similar questions that have been asked on this subject on previous occasions. I suggest it is much too large in scope, and I do not think it should be asked at this time.

[*Later:*]

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address a question to the Minister of National Health and Welfare. Because of the urgency of the situation will he very shortly make a statement in the house regarding cigarette smoking, government intervention in respect of advertising and so on?

Mr. Speaker: Order, please. I appreciate that the question now asked by the Leader of the Opposition is different from those asked previously. I think it is in order for a member to ask whether a statement will be made without asking the minister to make the statement now.

Hon. A. J. MacEachen (Minister of National Health and Welfare): I will give consideration to the suggestion the hon. gentleman has made.

POST OFFICE DEPARTMENT

REPORTED REFUSAL OF MEDICAL AND FIRST AID PARCELS

On the orders of the day:

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I should like to reply to a question asked by the hon. member for Springfield two days ago, which I took as notice. From what I have been able to determine, the reports referred to relate to an article which appeared in the October 14 edition of the Winnipeg *Tribune* which states that a parcel mailed in Canada by the relief arm of the Mennonite church, addressed to North Viet Nam, reached the San Francisco post office and was subsequently returned to the point of origin. Evidently the reason for return is that there is no parcel post service in operation between the United States and North Viet Nam. As a matter of fact Canada has no parcel post service with North Viet Nam, and consequently the parcel in question should not have been accepted for mailing in the first place.

PUBLIC SERVICE

LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct this question to the President of the Treasury Board. Is the government yet in a position to introduce its legislation to implement the unanimous report of the special joint committee which called for increases in the pensions of retired civil servants?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): No, Mr. Speaker.

Mr. Knowles: Mr. Speaker, may I direct a supplementary question to the Minister of Finance. Will the minister use his influence to urge his cabinet colleagues to decide on this matter at an early date?

HOUSING

MANITOBA—LOAN FOR HOME FOR ELDERLY CITIZENS

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the President of the Treasury Board. Last Thursday the C.M.H.C. committee approved a loan for the construction of an elderly citizens' home at Somerset, Manitoba. Would the minister give consideration to prompt approval by the Treasury Board?

Mr. Speaker: Order. The question should be placed on the order paper.

• (11:40 a.m.)

CORPORATE AND CONSUMER AFFAIRS

PROVISION FOR ESTABLISHMENT OF DEPARTMENT, APPOINTMENT OF PERSONNEL, ETC.

The house resumed, from Thursday, October 19, consideration of the motion of Mr. Turner for the second reading of Bill No. C-161, to establish a department of corporate and consumer affairs.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in the two minute introduction to my comments in respect of this bill last evening I stated that after following very closely the statements made by the Registrar General during the resolution and second reading stages, and after reading the bill itself, I found myself somewhat troubled. I also said last evening that the presentation by the minister reminded me of something which I thought was a good expression of my opinion of his presentation and the bill. I further said that when this debate was resumed I would state exactly what the minister's presentation brought to mind.

Mr. Speaker, not too often but sometimes I watch television. On occasion when

I do watch T.V. I see a spectacular called wrestling. In this spectacular called wrestling there appear two magnificently built brutes, cavemen, one of whom normally is accepted as being the good guy and the other as the bad guy. For a few moments they look at each other; then they grapple; then they go down, one under the other. They grunt and they groan, they scream and they sweat, but I have always noticed that the man underneath usually has one free arm so he can pound the canvas so the spectators will know the agony he is going through. You know, if I may use the expression of a person whose name I believe is Ed Sullivan, it is a "wonderful shew"—yes, a wonderful show.

I have read a great deal about these wrestling matches on T.V. I have spoken to some of the contestants. They all have to have a knowledge of wrestling fundamentals but they told me that the major fundamental is acting, putting on a show. Well, the wrestling on T.V. came to my mind with the presentation that was made by the minister and the reading of his bill. He put on a wonderful show, sir.

During his speeches at the resolution stage and on second reading the minister got up with all his eloquent words and grappled and sparred as a good guy with the bad guy. He talked about fighting the high cost of living and solving the problems of the consumer, and he referred to what the government intends to do. Then all of a sudden he reverted from a good wrestler to a character from Mother Goose. He stuck in his thumb and he pulled out a plum—Bill C-161—and said "What a good guy am I". The only problem is that the plum seems to be a little bit rotten.

This performance was like a wrestling match on television. It was all a sham and a joke. It was all hypothetical, because the minister did not grapple with these problems and has not included in his bill anything of a serious nature to deal with the high cost of living or to protect the consumer. They were well spoken words but represented nothing but wishful thinking.

Following this hypothetical groaning and straining the minister apologized for his lack of a solution to the problems and blamed this on the existence of jurisdictional and constitutional difficulties. He said the people would not accept controls and that there would be no price review board. I have been intrigued by the extent of the

[Mr. Winch.]

government's militant and aggressive strategy and policies to win a shooting war, but how extraordinarily timid and hesitant they are in respect of policies, attitudes and actions for a war against poverty. Let me suggest that there is a war against poverty to be fought, because to protect consumers the government must restrain outrageous prices and exorbitant profits. This action is definitely part and parcel of a war on poverty.

In relation to the proposed legislation, we find nothing but wishful thinking and eloquent words expressed by the minister. When we find little or no specific attack on the problems of the consumer then I suggest this has been nothing but window dressing. When speaking on behalf of the government the minister referred to constitutional and jurisdictional problems and suggested the people would not accept controls. In view of the emergency I wonder whether the people would accept controls. There is an emergency, in that we have inflation and spiralling costs of living. A great many of our people today can not exist with the present cost of living because of the low incomes they earn. Those on fixed incomes find it extremely difficult to even exist at this time.

Perhaps these people will not accept controls, but I wonder what their reaction might be if this government had the intestinal fortitude to say there is a crisis and there must be controls or they would not introduce this bill, and that they are prepared not just to control wages but also prices, profits, profit reserves and their use. If we intend to win this war against poverty and meet the economic crisis we now face militant action will have to be taken. If the government adopted this attitude and made that fact clear to the people, they might find a different reaction in respect of the acceptance of controls.

We have listened very carefully to the Minister of Finance on numerous occasions asking other people to tighten their belts. There might be a different reaction on the part of the people if this government and this House of Commons made it clear that we meant what we said. Although the reduction would be infinitesimal in the over-all picture, how about reducing the stipend of the members of the House of Commons and the Senate? This would be an indication to the people that we believe something must be done about the crisis which exists. Let me hasten to add that I think members are

underpaid in view of their responsibilities. There are 265 members on this board of directors for the 20 million people we represent, and we must do something on their behalf. If we believe we are now facing an economic and financial crisis as a result of spiralling costs of living, then we are morally obligated to take immediate action and do some belt tightening ourselves. By doing so we might create a different reaction regarding the necessity of imposing controls.

It is obvious that such an approach is not acceptable by the government. Let us at least consider adopting the immediate measures outlined by the minister in Bill C-161. At least the bill contains provision for research and the dissemination of information. As far as I can decide the major principles are contained in clause 6, paragraphs (c) (d). If this represents all the government will do, the government should aggressively use the power thus provided to stop inflation and spiralling costs. It should also make known to every citizen of Canada just what the situation is and what it intends to do. I am convinced that even though the government may not want to act, if it will make known through ministerial releases in the press, on radio and on television just what is causing this high cost of living, this will have a beneficial influence.

Let me give four clear illustrations of what I have in mind. Under the powers contained in clause 6 the government through this department will be able to exert some pressures in respect of consumer commodities. Over the years every time there has been an increase in the price of flour there has been an increase in the price of bread. Generally speaking the increases in the price of flour have amounted to only a fraction of one cent per loaf, but every time such an increase has occurred the price of a loaf of bread has been increased by two cents.

• (11:50 a.m.)

When these things happen, will the minister call for a justification of such increases? He has his research and information officers and he should make known to the people of Canada that this is an unjustifiable increase. I gather, on the basis of quite a few years' experience in dealing with the public, that perhaps public opinion will compel the manufacturers and the provincial and federal governments to act so as to prevent such unjustifiable increases.

What more can I say than has already been said about the high cost of drugs? I read the report of the committee. The government was aware of this situation and announced it would remove the 11 per cent sales tax at the wholesale level. It also said that on the basis of the research done by the committee and the report which followed it recognized that the drug manufacturers had the highest net profits of any manufacturers or other industries, that it was unjustifiable and that if the price of drugs was not reduced further action might be contemplated by the government.

I ask the minister who is to head this new department, is he prepared to do something about the high price of drugs? Is he prepared to instruct his information service to disclose what is taking place? Let me give you one illustration by relating a personal experience. A few months ago unfortunately I suffered from neuritis in the right shoulder; at least it was finally diagnosed as neuritis. I received a prescription, which I took to the pharmacy. I happen to have known the pharmacist for many years. He looked at the prescription and said "Harold, I can fill it right now, but can you wait for four hours? I have new stocks coming up from the wholesalers. To fill that prescription now would cost you $11, but if you wait four hours I will give you the same medicine but with a different brand name for $8." This sort of thing must be exposed. Companies should be named and brands should be named, and an exposure must be made of this sort of rapacious profiteering at the expense of those in our country who are ill.

Will the minister go further and investigate some other factors which have a great effect on the spiralling increase in the cost of living? Will he look into the reports and financial statements of large corporations and note that almost without exception they base their profit percentage on the sales of that year and compare it with the sales of the previous year or years? Since when should profit be based on the sales return percentage and not on capital investment? If honesty prevailed and profit were based on capital there would be a fantastic reduction in the cost of living to all the people of this country.

Will the minister look into that and expose this practice through his information service? Will he do more than that and look into the growing number of corporations in Canada which split their shares? I

can think of one company which over the years has split one share into four, four into 16, 16 into 32 and 32 into 64. They state that the reason for doing this is to make the shares more readily available to the people who want to invest. This is eye-wash, because if one examines this practice, when a $100 share is split into 4 shares at $25, the value of the $25 share goes up immediately it hits the market. Anyone who buys the share at the higher price wants to profit from its return on the stock market price, which is not a fundamental basis of return. If you add to that the fact that many corporate directors get their shares at far less than the market value and make not millions of dollars but hundreds of millions through stock market manipulations for which eventually the consumer has to pay, the unfairness is compounded.

If my hon. friend the minister is sincere he will use his ability, his knowledge and his capabilities to ensure that under the present Bill C-161 he will make a start in the war against poverty and will put a road block to further inflation and the increasing cost of living.

The answer does not rest in our hands on this side of the house. At the present time it does not even rest in the hands of the people of Canada. It rests in the hands of the government in general, and in particular on the intestinal fortitude of the minister who will head this department and be in charge of its policy and its administration.

What does this bill really mean? To the majority of the people of Canada it means that a policy of wait and see is being adopted by the government. I hope this period of wait and see will not be too long in duration. As I said last night, I might have to make an agonizing reappraisal of my hon. friend for whom I have had the utmost respect and admiration. I hope that in the administration of the new department he will exercise determination and utilize every power possible to protect the consumers, to stop the spiralling increase in the cost of living and perhaps even to reduce it.

I will draw my remarks to a close by saying that many hon. members who have spoken before me have perhaps somewhat embarrassed the minister by drawing to his attention the obvious fact that he is a young and handsome man. I will conclude by reminding the minister of an old and truthful saying, namely that handsome is as handsome does.

[Mr. Winch.]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I am always delighted to follow the hon. member for Vancouver East (Mr. Winch). In some ways he has made my task easier, because he has painted in a colourful way some of the problems which confront us and which I am sure will confront the minister. However, I may have to disagree with some of the proposals he has made.

When the minister introduced the resolution, accompanied by the usual publicity which is given to a measure of this kind, it seemed to us that at long last we might have been receiving for the benefit of the consumer a giant, economy size package. But when we came to read the bill we found that far from being the package we had hoped it would be, it was only about half full and instead of soap it contained mostly apple sauce. I believe all members will agree that this government, indeed all governments, face a very difficult problem in connection with this aspect of consumer prices.

• (12 noon)

When members of parliament are asked to exercise their responsibilities as representatives of the people of Canada in connection with a particular bill they ask themselves, first of all, what evil is it seeking to cure or, alternatively, what benefits will be secured by the passage of the legislation? When we look at bills we often find there is a preamble which sets out the purposes and intentions of the legislation. In this bill we have the bald statement that it is an act to establish a department of corporate and consumer affairs.

The corporate aspect can be set to one side because this is a matter over which this parliament has exercised jurisdiction for some time. The government has been invested with certain responsibilities in connection with corporate affairs which could be properly collected together and brought under one minister. I believe this is sound, common sense.

What do we mean by consumer affairs? There is really nothing in the bill to guide us, and from what I have heard of the debate thus far we can form one of two opinions of the government's intention. First, this bill may be intended to indicate that the government of Canada is going to make a real, meaningful attempt to come to grips with one of the most serious problems affecting not only this country but most countries in the western civilization, the escalation of prices of goods and services to a point where they

are beyond the capacity of many people to meet and provide a reasonable standard of living for their families. I do not believe there is any doubt about the fact that we have moved in the last two or three generations from a rural society into a complicated, basically urban society in which the machinery of production as well as the machinery of supply and demand have become increasingly complicated. I think many people today are discontented, unhappy, frustrated and becoming exceedingly angry at the fact there seems to be no real effort on the part of the mysterious "they", as governments are described today, to do anything about the situation.

I think we had an excellent example of this last year when there was a virtually spontaneous demonstration across this land by housewives and people whose task it is to go to the markets to buy the goods and services required by their families. I think the fact that the joint committee of this house and the other place, which was inquiring in a rather pedantic and pedestrian way into consumer credit, was suddenly seized with a great measure of anxiety about consumer affairs turned that committee into a more attractive and more meaningful body. It then secured authority to make an investigation into consumer prices.

When we talk about consumer affairs, at first blush there appears to be no doubt that most people think of consumer affairs in terms of the prices which consumers have to pay. This is one aspect of the matter with which I want to deal more extensively in a minute or two. On the other hand, consumer affairs may be regarded in a narrow, restricted way in relation to the constitutional rights and limitations which are placed upon this government in relation to the question of research and advice. If that is the intent of the government, then later I propose to say that we did not need this legislation. I propose to say that by means of taking advantage of existing legislation, existing regulations, with possibly a very minor amendment to the government organization measure, we would not have needed this bill at all.

I have come to the conclusion that the only basic purpose behind the passage of this legislation is to introduce into government organization the glamorous name of consumer affairs. This could well be a double-edged sword. I am not going to make the point that there is nothing that can be done if we follow either one of these directions in dealing with consumer affairs, either the broad measure of dealing with consumer prices or the restricted way of dealing with the problem through research. The bill refers to co-operation and co-ordination of government programs and undertakings or programs in co-operation with provincial governments. This is a narrow, restricted interpretation which can be placed on the intention of the government in setting up this department under a separate minister.

I should like to deal first with the question, can anything be done by the federal government within the limits of its constitutional and financial responsibilities? Point after point has been made by hon. members in this house that we must not follow the Procrustean method and, merely because the victim does not fit the bed, either stretch him or cut off his legs. This would be the course to follow if we adopted the philosophy of the Greek myth about the bed of Procrustes. I cannot agree with that. In my opinion, laws were made for the benefit of man and man does not exist for the purpose of being tortured, cribbed, cabined or confined within the limits of existing legislation.

This does not make our task any easier from the constitutional viewpoint. Unfortunately, we are entangled in the web of our own constitutional law-making. Whether we like it or not, the constitution exists until we devise some ways and means of changing it. We can, therefore, only do in this parliament what we are authorized to do by the British North America Act. It is all very well to say, let us do this, let us proceed on this particular scale to deal with this problem. In the present very sensitive stage of federal-provincial relations, I am sure any attempt to break out of these narrow limitations would be bound to be met not only by legal proceedings but by sound and very strong objections from provincial governments.

With this in mind, then, can anything be done? A reference was made earlier to conditions which existed during the war. To be honest, I do not really believe it is feasible to adopt the course followed during the war. I would object to it not only because it would be constitutionally wrong, but I feel it would be wrong in practice to set up in this country the tremendous organization required to oversee the prices and costs of goods and services. As a corollary, we would also have to oversee production. Surely there is no one in this country, certainly no one in this parliament, who would suggest that this problem needs to be tackled in that way. Such a course would set loose a Pandora's box of wrongs,

nuisances and evils far worse than those we are attempting to cure. I do not think anybody has argued that we in this country should at this stage do anything approximating what we were compelled to do during the war years.

• (12:10 p.m.)

The hon. member for Burnaby-Coquitlam (Mr. Douglas) has from time to time rather persuasively brought up the proposal of a prices review board. This is a method which in a limited way was introduced into the United Kingdom, which of course is a unitary state with no constitutional problem. Perhaps there need be no constitutional problem here, Mr. Speaker, because balanced on the narrow edge of the criminal law it might be feasible to enjoin corporations and unions, in fact everyone who is engaged in the business of production and selling, to publish well in advance of the time when prices are to be increased evidence of their intention to do so.

We tend to think of this concept, Mr. Speaker, in terms of our own particular examination of the problem. I am sure there are some members in this house who could find some large and iniquitous corporations in this country to whom this sort of arrangement could be well applied. On the other hand, other hon. members would say that this approach should be taken toward labour unions because some labour unions have improperly importuned their employers at critical times, sometimes only for jurisdictional purposes, in order to secure wage increases which under the circumstances were not justified.

These two differing points of view may in themselves be quite correct. However, I would point out that if we attempt to solve the problem in this way we cannot stop just with the large corporations and the unions. We must institute the program in such a way that there is total involvement in the intricate make-up of our economic life. For example, every storekeeper who runs a corner store and wants to increase his prices and every employer who employs three or four persons would be caught up in the same web, and at this stage I do not think that this is a reasonable or a necessary means to deal with the problem. I just do not think it would work. I think that the cost of imposing a prices review board system would become appallingly high and would add to the problem of inflation now facing us. I do not think that this approach would be feasible. The enforcement machinery would be so large and expensive, so opposed to our concept of freedom to which we have adhered in this country for so many years.

Is there perhaps a third way, Mr. Speaker? I do not know. However, I would make this suggestion to the minister, though he might well have it in mind. Surely it might be possible in co-operation with the provinces to establish a joint board which, without being restricted to the criminal law alone, as is the case so far as the parliament of Canada is concerned, would have the jurisdiction to examine this issue. We all know very well that no government can delegate authority to another government; judicial decisions have held that to be so. However, it would be possible through the establishment of a tribunal which would be invested with some power by the federal parliament and with some authority by the provincial governments to examine glaring cases of abuse of our free enterprise system in the fixing of prices and the increasing of wages. In the kind of society in which we live I believe that the various public media would be quick to point out such abuses. If we could expose such cases to the broad glare of public opinion from time to time after suitable investigation had been made, then it might be possible to provide some kind of average test which others in the country could follow and which might be used in order to keep within reasonable restraint increases in prices, goods and services.

This would not be easy, Mr. Speaker. The options open to any government in any part of the world today are far more limited than they were 40 or 50 years ago. Sensitivities of one part of the world to another part, economic relations and rapid means of communication and transportation have brought this about. We in Canada particularly have found that our proximity to our great trading partner to the south, to whom we sell and from whom we buy large quantities of goods and services, has put us in such a position that no government has the degree of freedom it would need to deal with this problem properly in such a way as it might have been dealt with 40 or 50 years ago.

However, Mr. Speaker, there are some options open which have not been exercised. I want to emphasize that I am only putting forward this proposal for consideration by the minister, but I think there are means that can be used if there is a real desire on the part of the federal government and the provincial governments to deal with this matter. Let us bear in mind that these governments represent the people of Canada, and

the people in the province of Alberta and also the people in the province of Quebec are people of this country, people of Canada. I think it is high time that we should remove problems that have been created by a certain amount of jealousy between governments at the provincial level and the federal level. Our particular task here and the task of all legislators in all the provinces is to deal with those things and to engage in those measures that we think will enhance the interests of the people of the country at large.

There is then, Mr. Speaker, this possibility which might be looked at. However, before we could embark upon such a system the government of this country—perhaps also the governments of the provinces but certainly the federal government—would have to set its own house in order. How difficult it would be for the government of Canada to undertake to act responsibly in dealing in this way with prices and costs without first looking at its own area of expenditure.

I am not going to deal with this point extensively because we have been all through it during the budget debate and other members of the house have spoken about it. For example, we have been told that when the estimates come down we will be astounded at the extent to which the knife has been wielded. That is all very well, Mr. Speaker; when the estimates are available we will look at them. But bear in mind that more is involved than the estimates alone. When one looks at the estimates at the beginning of the year and then compares them with the actual expenditures made for that year which show up in the following year's estimates, hundreds of millions of dollars have been added by way of supplementary estimates at one time or another and this increases tremendously the money that is actually spent.

I suggest that this government cannot conscientiously ask industry or labour to show restraint with regard to increases in prices or wages until it is able to demonstrate beyond any reasonable doubt that it in turn has been prepared to set its own house in order. And this we are waiting to see. If it does happen I will be the first to give all credit to the government, and I hope that the minister will not take it amiss if I say that at the present time I am from Missouri so far as these proposed cuts are concerned.

Mr. Turner: The Peace river is bigger.

Mr. Baldwin: We in Peace River have learned very well to look with great suspicion at anything that a government, particularly a Liberal government, does.

Mr. Dinsdale: Sold down the river.

Mr. Turner: I was just pointing out that the Peace river is bigger than the Missouri.

Mr. Baldwin: Now let us look at the question from the more limited aspect of the proposals that are contained in this bill. These are pretty well set out in clause 6 and I am not going to deal with them too extensively. All they consist of is the right to undertake to co-ordinate programs of the government of Canada, which is what the Economic Council of Canada proposed. You do not need legislation for that; you do not need legislation to initiate, recommend or undertake programs designed to promote the interests of the Canadian consumer.

• (12:20 p.m.)

One must bear in mind the wording of this legislation which says that the only matters over which the minister has responsibility are matters over which this parliament has jurisdiction and which are not by law assigned to any other department of government. The minister's right to initiate and recommend programs designed to promote the interests of the Canadian consumer is not a right which is given to him through this legislation. He has that right without the benefit of this legislation. His right to cooperate with provincial governments is a right which he has today; there is no question of that. His right to engage in research is a right which he has today. Apart from clause 1 which creates the department of corporate and consumer affairs, every power, every right and every responsibility which accrues to the minister through this bill could have been exercised under existing legislation. I could undertake to guide the minister through several statutes to show him exactly what I mean. The only reason for enacting this legislation is to create a department which, within its title, bears the words "consumer affairs". The legislation itself does not meet the needs of the people.

It may be remembered that the hon. member for Burnaby-Coquitlam yesterday referred to the poll that was conducted by Montreal *Star*. I looked at that report and from my reading of it, it indicates that only 31 per cent of those polled knew anything about the new department. Of that 31 per cent, approximately 70 per cent believed or

hoped that the minister and the new department would be concerned with prices. Perhaps the minister wishes to know how I arrived at my totals. I added the percentages of those who were interested in controlling profits and prices to the percentages of those who were concerned with a lower cost of living, and the result came to approximately 70 per cent of the original figure of 31 per cent. I expect the minister will accept my mathematics, unless he wants my figures to be research by the new department.

The minister, who is a member of the bar in several provinces and a businessman of some acumen, must have struggled with his political instincts, because I am sure he did not wish to leave a false impression. He must have recognized the grave limitations, legally and economically, of what could be done as a result of the creation of the new department. I give the minister credit for his speeches. I am sure that his instincts as a politician led him to believe in the efficacy of the magic words "consumer affairs". No doubt he saw himself in the role of protector of the housewife when she enters a supermarket. She would walk hand in hand with him through the rows of goods and commodities and would feel safer knowing that "John Turner is looking after me."

Some hon. Members: Oh, oh.

Mr. Baldwin: As I say, though the minister spoke carefully I thought he allowed his instincts as a politician to prevail occasionally. If he is honest when he sums up before the bill receives second reading, he will admit that it does not invest the government with any new rights or authority and, that its authority already is limited economically and legally.

The only possible solution, as I suggested, would be that kind of collaboration with the provinces which would result in the institution of a joint board to which there could be delegated an adequate degree of authority, not with respect to the prices of all goods, commodities and labour across the country but with respect to pinpointing particularly glaring cases where the rights of the Canadian consumer have been ignored or where the Canadian consumer has been ruthlessly exploited. If this were done and a few instances were brought to light as examples, I think the benefit would be substantial.

As I said at the resolution stage, I regret that this bill did not go to a committee. I expect that the minister will say that the committee on consumer credit held hearings all over the country and explored this entire question. He may say that, considering the number of witnesses it heard, to send this bill to a committee would be merely repetition. I do not think so. I have become increasingly convinced that there must be a better way of dealing with legislation than at present. The government conceives it in the darkest corners of its privy council closets and becomes attached to it by virtue of parenthood. It brings the legislation before the house and then refuses to accept amendments.

It seems to me that a bill designed to meet the present serious problems confronting the consumers of this country ought to have been sent to a committee before second reading. It is still not too late to do that. Great numbers of witnesses need not be called. There might be some sort of terms of reference and a limitation of time. Before that committee there could be presented the views of hon. members who sit to our left, of hon. members of the official opposition, as well as the views of others who are interested. In committee we could join issue on the problems we face. When the bill was returned to the house it would reflect the thinking of the members of the committee, who in turn are pipe lines of communication with their constituents, the consumers of Canada. I am not alone in thinking this.

During the debate in 1965 on the report of the procedure committee the following words were uttered, as found on page 12588 of *Hansard*:

> It means we shall establish a procedure whereby legislation can be submitted at an earlier stage to standing and special committees of the commons for scrutiny by members. This reform would, in my opinion, achieve two main results. First, it would allow an individual member of parliament access to information upon which to base intelligent criticism.

I see the minister smiling. He will recognize the author of that statement. It was made before the minister ascended to the rarified atmosphere of the privy council. I will not say that he had more intelligence then than he has now. I will simply say that he occupied a lower position and had not attained the privilege of being a member of the privy council.

A bill like this, which seeks to affect intimately every part of our country and all our people, ought to have been referred to a committee with appropriate instructions along the lines I have already suggested. The minister could still do that at this stage.

Perhaps he has given favourable thought to my proposal. I doubt that, however. The minister is some distance from me but I can tell from the look in his eye that he will not go along with me.

• (12:30 p.m.)

Ministers like to get bills through. They want to see them wound up as soon as possible. This is a very reasonable approach but I do not think it is good enough. I think many measures would be better bills, better adapted to the wishes and aspirations of the people of Canada, if the people who represent the consumers of Canada, the members of the House of Commons, had some say in the shaping of the legislation upon which they are asked to vote. I still hope the minister will repent at the last moment, recognize that this bill does not give us the best of either world, and allow it to go to a committee where I am sure we can produce a much better bill than has been dreamed up so far.

Mr. Don Jamieson (Burin-Burgeo): Mr. Speaker, I should like to commend the hon. member for Peace River (Mr. Baldwin) for much that was fair and objective in his presentation and, most of all, for his frank recognition of the difficulties which would be involved in attempting to implement some of the more dramatic proposals that have been made during the course of this debate.

I think there would be unanimous approval of any technique that the minister or his associates could devise which would serve to control prices. Every one of us is concerned in one way or another about the high cost of living. It is certainly refreshing to hear the hon. member emphasize the extreme difficulties which would be involved in setting up machinery to control prices. By the same token it is disconcerting when other hon. members less objective in their approach do not recognize, or at least seem not to recognize, that the control of prices would involve far reaching and complex activities and that it simply could not be achieved without at the same time requiring, for example, the control of incomes and intervention in a host of other spheres related to this delicate and difficult subject.

Where I part company with the hon. member who spoke immediately before me is on his contention that the work which the new department is designed to perform could have been carried out without setting up the addition to the administrative machinery which the bill before us proposes. The minister himself has stated that there will be difficulties and shortcomings and that in the initial stages mistakes will probably be made. But it does seem to me that a focal point has now been created, a department which will have as its major responsibility the broad area of concern for consumers, and I do not believe that a variety of agencies could act as effectively.

I have had a fairly close association with various phases of marketing over the years and my native province has the questionable distinction of supporting the highest cost of living of any part of Canada. Many references have been made to the difficulties we in Newfoundland face because of a variety of circumstances which have resulted in costs that by mainland standards can only be described as fantastically high. Having lived in this atmosphere and having experienced these difficulties and noted, by the way, that along with the highest cost of living we also have the lowest per capita earnings of any part of Canada, I for one welcome any effort which is likely to bring these two factors into better balance.

The minister himself has said there must be consultation with the provinces. I heartily agree. I believe this is an approach which ought to be taken soon. Within a short time we shall be dealing with drug legislation, and we know that so much of the force which generates the high cost of drugs is within the control of the provinces and outside the control of the federal government. In this field, then, as well as in the whole field of consumer goods, consultation will be of the utmost importance.

It is impossible in the short time available to me to range over all the implications of this bill, so I should like to say a word about a subject which I believe is of greater importance than has been recognized by many of us up to the present time. There is, in my opinion, a great need for consumer education. A great deal has been said in the house about the high cost of living but I think it is fair to say too that at least within certain groups what we are suffering from is not so much the high cost of living as the cost of high living. This is a direction in which I believe education can accomplish much. There is nothing to prevent the new department launching a well-developed, well-thought-out program of consumer education.

I do not believe the department can do it alone. From my own experience I feel that there is a great need in our school system and in the whole of our educational process to lay more emphasis, when talking to young

people who will be the family makers a few years from now, on ways in which they can spend their money better and to greater advantage. I say this for a variety of reasons, not just from the point of view of saving money but from the point of view of better nutrition and the like.

My communities in Burin-Burgeo—there are about 200 of them—are made up of 60 or 70 families each at the most. The smaller ones consist of as few as 25 families. Such people, living in rural communities, face problems with regard to the high cost of living which are not present in metropolitan areas. We hear a great deal about trading stamps, supermarket practices and the general attractions offered to consumers. For my part I wish that in these small communities in Newfoundland, and for that matter in other parts of Canada, there was more of this kind of competitive activity. I should like to see the new department seek to devise ways in which these minority groups, whether they happen to consist of people in small communities, elderly people who do not have ready access to marketplaces, or of people in the low income brackets, can be given a better opportunity of access to the new marketing techniques.

On previous occasions I have expressed strong criticism of most of the major manufacturing companies in Canada which produce what could be described as consumer lines for their tendency to concentrate on seven or eight centres in this country. I do not know whether hon. members who live in the areas of high population realize that many of the so-called advantages gained by consumers in Ottawa, Toronto or Montreal are gained in many instances at the expense of rural purchasers. In the large centres the bigger firms must of necessity compete on a head-on basis with others who manufacture the same lines. If the pressure of the marketplace means anything, it must operate in areas where the competition is most keen. But in other parts of Canada these large organizations either neglect to employ the same kind of promotional devices or permit brokers and agents of various kinds to add on a variety of extra costs.

If hon. members from other parts of Canada were to come to my constituency I am sure they would be appalled at the mark-up on prices which fishermen earning $1,400 a year have to pay compared with those now being criticized in supermarkets in the larger centres. One of the reasons for this, and I now return to my conviction with regard to the need for an educational process, is that these minority groups are less attuned to the new marketing techniques and do not have the same appreciation of the advantages which might be open to them if they employed their buying dollars to better advantage.

• (12:40 p.m.)

I am aware of course, of the new trends toward attractive packaging and the like, and I do not necessarily criticize them. I think this is part of the whole new marketing concept and, while it has its abuses, in the last analysis we have to recognize that there are a great many consumers who are anxious to buy the kind of convenience foodstuffs, and the like which are now being produced in this way. But where there are people who cannot afford these or who ought not to be purchasing them in such quantities there is a need for some kind of consumer education program which would illustrate to them that they can buy foods of comparable or better value for smaller expenditures.

Harking back to my own province of Newfoundland, it has been a traditional activity of Newfoundland homemakers over the centuries, one which I expect they are noted for throughout Canada and North America, to do what is called home baking. But I find today that what we in Newfoundland refer to as "baker's bread"—I suppose that is a standard expression throughout the country—is being sold in small places throughout the province. The younger generation of Newfoundlanders, particularly housewives, is losing the art of home baking. There may be some who will say that this is a good thing and that home baking belongs to the archaic past, but the truth of the matter is that not only is their own product more nutritional but the cost saving is fantastic. However, I do not know of any campaign or activity being conducted by any provincial government agency, or other department to show the younger generation of Newfoundlanders how to continue this very worth-while activity.

Mr. Herridge: Would the hon. member accept a question?

Mr. Jamieson: By all means.

Mr. Herridge: Is he suggesting that the minister should undertake a campaign to get young housewives to bake their own bread? I am all in favour of it.

Mr. Jamieson: Yes, I would agree with that, and while on this subject I think the

minister should assess some of the activities of other departments in the food field and make them a little bit more realistic with regard to the type of advice and guidance they are distributing which is supposed to be for the benefit of consumers.

I had a wonderful laugh the other day when I was in a kitchen in my riding filled with good Guernsey fishermen and honest Newfoundland housewives. A brochure had arrived from the department outlining how to make sour cream party dips in a hurry. Hon. members can just imagine these hard working Newfoundland people rushing off to cocktail parties where such sour cream party dips would be served. Many of the other publications that come from these departments are equally unrealistic.

I suggest that there is a legitimate and very proper area for consumer education in the many fields in which surveys and research could be undertaken. My hon. friends from British Columbia may be pleased to know—and it becomes a source of bafflement to me every time I see it—that British Columbia salmon is brought to my province which sells for less money than our own Newfoundland salmon. It makes no sense to me that this sort of thing goes on.

Mr. O'Keefe: And our salmon are better.

Mr. Jamieson: Of course our salmon are better, as the hon. member for St. John's East (Mr. O'Keefe) reminds me, but that is beside the point.

In summary, Mr. Speaker, I suggest there are valuable contributions that this new department can make regardless of the limitations under which, for constitutional reasons, it may function. I repeat my recommendation that one of its initial activities should be to undertake a study of the reasons for some of the things I have outlined, and it should also undertake a comprehensive consumer education program. By undertaking just these two things, in the long run the new department would justify its establishment.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, after delivering his speech, the member for that Newfoundland constituency whose name I always forget, should pass the hat and collect an entertainment fee. And I am not being facetious when I say this, for although the member has not been sitting in the house very long, not only are his remarks always clear and timely, but he makes them with such vigour, with such spirit, in keeping with his nature that they are all the more interesting. Still, I cannot say that I agree without reservation with all he has just said.

For instance, I cannot see, in spite of any educational campaign the minister might launch, Canadian women going back to the days when they used to make their own bread and cooked all their food themselves. You know, Mr. Speaker, that we ought to be realistic. We are living in a different age. In fact and up to a certain point, it is the age of automation, of effortless living, the century when everyone claims the right to leisure. I think it would be running against the tide if we were to bring back a major part of our people to methods that might well be called primitive.

I do not suggest we should disregard them, for there will always be people with a taste for nice things, people who will want to keep these handicraft practices. A little more of them would do no harm and some kind of concern on our part in this respect would benefit everybody. However, we should not be led to believe that this could solve the problem of living costs, at least not in any appreciable degree.

Since the beginning of this debate, Mr. Speaker, I have listened to 15 or 16 speeches. I listened to them attentively, because it is very rare that there is not at least one member who gets up to say something constructive and worthwhile. I even take the trouble to make notes on some of the comments made by those who take part in the debate.

I was struck by several things. I will not list them now, for it would take too long, but one thing in particular impressed me very much, and that is the way in which the Registrar General of Canada (Mr. Turner) and future minister of corporate and consumer affairs was showered with compliments. He was told that he is handsome, intelligent, ambitious and has sound judgment.

As far as I am concerned, being used to the facts of life, I must tell you, Mr. Speaker, that this chorus of praise, most of it coming from the opposition, troubled me. That reminds me of the fables about the sirens who lured ships on the reefs, or of pirates who dazzled navigators so that their ships struck rocks, which would enable them to pick up the spoils. This leads me to tell the minister that I know he has enough judgment and experience of life not to let all those complements paid to him today go to

his head, not to imagine that the opposition members, who try to wear out his resistance, while giving him advice, which is to the point in many cases, may be preparing to tear him to pieces tomorrow, if he does not deliver the goods.

• (12:50 p.m.)

As a member of the opposition, I should like to warn the minister specifically against three great dangers. In my remarks at the resolution stage, I said that I would vote for the bill even if it did not seem to be perfect—and I do not see who could draft a perfect bill here, even on the opposition side—because it represented a sincere attempt to meet a real problem, a crucial problem.

I think I am doing the minister a favour in warning him—recalling the old saying: spare the rod and spoil the child—that he must not be taken in by congratulations; rather he must expect very strong opposition within the cabinet, as some of his colleagues will want to pull the rug from under him because it will hinder their departments' operations. One knows that this can reach wild proportions at times, as it has happened in some circumstances.

I should like to warn the minister against the favourable disposition of the opposition; his behaviour will be watched day after day and everyone of his statements will be scrutinized, precisely because members of the opposition told him again and again during this debate that, in addition to all the qualities credited to him, he was ambitious and might aspire one day to the leadership of his party. The opposition will check his every movement, scrutinize his words and actions and try to destroy him eventually if his legislation falls short of the expectations of the Canadian people.

The minister has been in politics long enough to know that politics have no soul but occasionally bring out fierce reactions from people gifted with the highest qualities who also feel themselves even more gifted by Providence to serve the people than those in power and that as a result the latter must be destroyed so that one fine day the former may take their place.

And this is not all. The minister must further face the people, and he must remember that there is no use preaching to a hungry man.

I am one of those who believe that in spite of all the efforts of the minister, the cost of living will continue to rise. He may perhaps

[Mr. Mongrain.]

halt the increases but not much. Then, monster delegations will descend upon him, loudly protesting and accusing him of all sorts of things such as was reported in the newspapers of the past few days about the chairman of a bank charging the Minister of Finance (Mr. Sharp) with having misled the people and having practised a massive swindle. He even used the words theft and robbery.

Such things will then be said to the minister who will have to fight the very people he wants to help. I do not say that to discourage him, because I know, of course, that he is brave and that he is ready to face the music; I mention it so that he and his associates may be realistic.

I would even like to remind him of something else. For several months now, one of the things which has struck me particularly when listening to the speeches made in all corners of the house, is that we are living in a period of crises. We have crisis here, there and everywhere and I infer from that that if we are experiencing so many crises—it is useless for me to enumerate them, because hon. members do so every day—it is because there is failure somewhere.

I have said it before and I say it again to strike the imagination of those I am referring to. I am not necessarily a Créditiste, I am not yet a socialist but I say nevertheless, Mr. Speaker, for the benefit of the two old parties which are operating within a capitalistic system which is going out of fashion, within private enterprise which pleads and admits itself that we are faced with bankruptcy within a system which has failed to attain a fair distribution of the good things the Lord has provided for all Canadians—while a few are getting fat, others are deprived of bare necessities—within a capitalistic or free enterprise system which has failed to provide a fair distribution of the reasonable minimum of commodities without which according to St. Thomas Aquinas, a Roman Catholic theologian, a Christian cannot gain salvation, I say that now more than ever is the time to find a solution.

From day to day, what we hear in this house from all parties, is an avowal of the failure of the capitalistic, free enterprise system.

I will not say that the ideal solution necessarily lies with the creditist or socialist systems, but I say to both the old parties, which get funds from large capitalist interests who admit they have failed, while putting the blame on government representatives, though

the latter operate as best they can within a rather limitating system, I say that the most urgent action to be taken by the minister of corporate and consumer affairs (Mr. Turner), the Minister of Finance (Mr. Sharp) and all the ministers who wield some influence in financial circles, is to convene all the leaders and pontiffs of high finance in Canada and tell them: Gentlemen, examine your consciences, because the public is beginning to grumble. You feel it in the strikes, in the monster delegations that come in protest to the federal and provincial governments; you feel it in the revolt against laws and injunctions; you feel it in the abusive language we hear every day; you feel it in the hundreds after hundreds of fantastic lucubrations that loom every day all over the land. The storm is gathering, because the system under which we have been living for hundreds of years is heading for failure in the face of the urgent needs of a population desirous of enjoying that minimum of reasonable affluence it is entitled to.

The capitalists should meet, or at least those who hold the reins of our capitalist system; they should quit thinking that through concern or the handsomely paid propaganda of public relations men, they will have the people believe that they are not hungry when they are famished, that by dilly-dallying they will calm them down and silence them.

This era is over, Mr. Speaker, and I believe that if the minister wants to succeed, if he hopes to overcome the opposition, mainly, of the business circles who control the life blood of the country, he will have to coax the latter into self-examination until they understand they had better proceed on their own with a revision of the present system, and adapt to the conditions of 1967, or even of the forthcoming year 2000. If they do not, they will have to face open rebellion from the people and I pray God it is not a violent one, such as we may already forecast from the strikes that are now prevalent all over the country. The strikers mention unparalleled violence nobody could have dreamed of twenty or twenty-five years ago. Those are disturbing demonstrations and I believe that if the minister seeks to get at the root of the evil, he will have to tackle those things first of all.

He is broad-minded enough to understand, and mind you, I press the point to say that it is difficult for both parties to take such a revolutionary stand in order to tackle the problem at the root because—I know it and I do not blame them too much for it because they live within the system—they are financed by the bigwigs of high finance and that is how they are elected and try to do as little harm possible to the Canadian people; I know that under these circumstances, it is difficult.

I should like everyone to understand that as an independent, I am free from those obligations and I can be of service to all my friends and colleagues of goodwill from every party, the majority of whom have had a tremendous experience and can one day diagnose the needs of the Canadian people in every walks of life, and who spend hours and days and weeks considering what are the best solutions in the English context in which we live.

I should like to urge the members of the old line parties, to make it clear to the bigwigs of private enterprise that they are the source of all our evils because they do not understand that they must exercise self-discipline before it is forced upon them by the people.

Mr. Speaker, I apologize for coming back so many times to that question.

The Acting Speaker (Mr. Rinfret): Order. Our time is also being consumed. It being one o'clock, I do now leave the chair.

[*English*]

AFTER RECESS

The house resumed at 2.30 p.m.

[*Translation*]

Mr. Mongrain: Mr. Speaker, at the start of this second part of my remarks which I began before the adjournment, I would like to have, with your kind permission, the privilege to make one or two comments which are not precisely connected with our debate today.

First, as an independent, I have not had the opportunity, since we are not recognized under such circumstances, to offer my congratulations and my good wishes to the new leader of the Progressive Conservative party. I have had the pleasure to meet with him, a few years ago, when he was the premier of his province and I as president of the Canadian federation of mayors was travelling through our ten provinces to discuss municipal problems with the premiers and I remember him as an efficient man, with a sound judgment, as a Canadian who wants the good

of his country and who shows an above average intelligence and an understanding of today's problems. I know he is taking on a tremendous task, that of restoring the prestige of his political party in the eyes of the Canadian people. Such a responsibility does not rest with him only, but also with the other traditional party, judging from the results of the last election, since no party has had a clear majority in a number of years. I personally wish him will in that endeavour, because I feel that the more the traditional parties regain their value and their prestige in the eyes of the public, the more they will prove useful.

I should like to refer to some of his remarks, especially when he said he had been shocked, on his arrival in the house, to note the poor attendance of press gallery reporters, since their mission is to—

The Acting Speaker (Mr. Rinfret): Order, please. I regret interrupting the hon. member for Trois-Rivières, but I should like to ask him to show me how the remarks he intends to make on the role of the opposition, his congratulations to the new leader of the Progressive Conservative party and his remarks on the parliamentary correspondents can be related to the bill now under consideration?

Mr. Mongrain: Precisely, Mr. Speaker, I thank you for having brought up the subject. It will enable me to elaborate further.

If you recall, I said that I craved the indulgence of the chair so that I could deal with a question of privilege and if some of my remarks were far afield, I think it is my privilege to demand that the work which I and other members are doing is reported to the Canadian people who have only the newspapers to obtain information and precisely I should remind the parliamentary correspondents who blame the members often enough for the lack of attendance at the sittings of the house that they themselves, on a pro rata basis, have no better attendance record since I am told that there are between 130 and 135 correspondents covering the proceedings of the house and that most of the time two, three of four are to be seen in the gallery whereas most of the others amuse themselves reporting on the eccentricities of some members rather than the serious discussion being carried on.

Mr. Speaker, I have finished appealing to your indulgence and I revert to my subject.

[Mr. Mongrain.]

[*English*]

A few minutes after the house recessed for lunch the Secretary of State (Miss LaMarsh) reminded me very charmingly and jokingly that while the minister hails from St. George riding in Montreal he is not St. George. While this is true, it is my contention that the minister will need all the qualities, fighting spirit, dash and boldness of those as celestial as St. George and St. Michael if he wants to kill the dragon now facing him. His responsibilities are tremendous and crushing for many reasons. One reason is, of course, all the qualities attributed to him this morning. We expect far more from one with those qualities than from the normal member of parliament or minister. The minister must tackle a very difficult problem and assume very heavy responsibility in order to live up to the qualities and ambitions attributed to him this morning by the opposition. Whether he possesses those qualities or not, everyone will expect more from him. His responsibilities are great because of the scope of the job he has undertaken, particularly in light of the circumstances and difficulties with which he will be confronted in attempting to solve the thousands of problems he must solve.

[*Translation*]

Mr. Speaker, people sometimes say here that we are living in a period of emergency; I positively state the contrary. The constitutional problem which is raised all the time and is discussed without rhyme or reason—the speaker often not knowing what he is talking about, not taking the trouble of defining words—is not the most serious problem. I say that the Canadian people are not too interested in constitutional matters and that the problem we are facing is a social problem, which is precisely caused by what has been mentioned, the rise in the cost of living and all the complexities involved in the field of welfare. I say that Canadians are nervous, worried and disappointed in many cases, and that they are extremely surprised to see everything that is done with impunity in Canada, at the present time, to see all those urgent problems which are discussed endlessly and to which the older parties seem powerless to bring lasting solutions.

It has been pointed out this morning and over the last few days at least, that it is difficult to set up a body that would control prices, keep them within bounds, but I say that it is probably the most urgent thing to do and I do not feel that it is enough to say that constitutional reasons prevent us from

finding valid solutions when we are faced with a problem of such urgency, such seriousness, which has such grave implication for the welfare of the nation as a whole.

I think there is enough good will among the officials of the provincial and federal governments to enable them to sit together and decide to take the urgent steps needed before we are faced with an escalation or a multiplication of those social disorders, we regret to witness at the present time.

• (2:40 p.m.)

I said this morning that private enterprise must also understand that it has to show self-restraint if it does not want to be compelled to do so tomorrow by social troubles or by parties of which it is afraid as, for instance, our friends the New Democrats who advocate an increasingly relaxed form of socialism which would entail reforms unpalatable to private enterprise, at times.

In my opinion, private enterprise should be made to understand that we no longer live at a time when money was given to the wealthy to allow them to acquire more wealth, but that today money must be made to serve the people. If we do not want to see the notion of profit disappear in private enterprise, we must understand that today money and profits must be distributed as fairly as possible so that as many people as possible may enjoy that minimum and reasonable standard of living.

I say it is high time we put a stop to some financial activities that result in excessive profits for people who, by virtue of being there, of having learned the tricks of the trade, now succeed in wheedling large, considerable amounts of money from those they have persuaded to sink their lifetime savings into uneconomic ventures by holding up to them the promise of interesting profits. We heard some eloquent speeches yesterday and this morning; I cannot mention all those who have spoken about it in this house, but their speeches are now on record in the official report of the debates. I say they were well advised to talk about this, one of the problems of our modern society.

To conclude, Mr. Speaker, I think the minister should put the tiller hard over to the left, although this word seems frightful to many. Conditions are such that it is high time to heed the people's demands and put the tiller hard over to the left. What I mean by that is that all the good things of this world should be made available to the people placed by Providence in this rich country of ours, leaving to all those who want to work the freedom to do so in peace. We should find or create the conditions in which they can earn a livelihood.

And when they have given an honest day's work, we should see to it that the cost of living remains at a reasonable level, that outrageous exploitation be stopped and that false pretences be eliminated. Further, Mr. Speaker, it is time that some labour leaders who are showing what I would call shameful disregard for the common good, and who in some cases use the kind of tactics used by the underworld in the United States but not in Canada, be brought into line.

I feel that if capitalism and private enterprise can be blamed for misunderstanding their role, it is time that some labour leaders, especially at the top level, should be made to understand that they are not above the law of the land, that the law is enacted for all of us and must be complied with by everyone. When it has come to pass that a piece of legislation is called a mere scrap of paper and that union members are urged to despise and disregard it, I say that it is time for the authorities to step in.

It is all very well to say that we are living in a free country, that the labour movement must not be interfered with but I think that most Canadian citizens expect the governments to become conscious of their responsibilities and take some action to restore order in society, to prevent anarchy.

In my opinion, that long-lined obligingness is beginning to exasperate the Canadian people who are expecting more leadership from those to whom they have entrusted their destinies.

This is one of the fields in which governments should display more energy, bring labour leaders into line and make them understand that even for them, every means is not fair. Any legal means is fair. They have no right to jeopardize the common good for the sole purpose of protecting their personal prestige, of increasing their membership or of playing down to their members in order to be in a better position to keep on extorting from them increased contributions after those disputes which, of course, are costly.

Mr. Speaker, as I said earlier, we are dealing with a social problem. It is truly a social revolution that the minister and some of his colleagues are being called upon to quash.

I think that if the minister were to fail in this task, public censure would be all the more cruel as the minister has made more

promises than most candidates to such difficult posts, and as these responsibilities were offered to him wrapped in all sorts of compliments. The minister will discover with each day that not only are his problems not diminishing, but they are becoming more complex because of the urgent needs and aspirations of the whole Canadian people who have decided now that the wealth given by Providence to this country would no longer be shared only by the members of a privileged group. They believe that all Canadians are entitled to their rightful share of this wealth, the minimum and reasonable competency which has been spoken of as an essential condition of a normal human existence.

I therefore wish the minister all the success he deserves in this undertaking. I feel the opposition will be happy to co-operate because I think it is convinced of the urgency, the seriousness and the extent of the problems he will tackle.

Although the opposition parties allow themselves from time to time a bit of sport, of partisan opposition, generally speaking and going down to the root of the matter, I think they will want to co-operate with the minister in solving a problem on which depends not only the well-being of Canada, but also peace in society.

[*English*]

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I should like to make a few comments on the bill now before us for second reading. Bill C-161 is designed to set up a department of corporate and consumer affairs. Every one of my constituents and every constituent whom other hon. members represent is a consumer, and I believe that all those who spoke here today were speaking in their interests and on their behalf. In order to voice their great concern over the increasing costs of consumer goods I wish to emphasize their demand that the government take definite and positive action with regard to rising prices. I say definite and positive action because, as other hon. members have said, we are not convinced that under Bill C-161 this will be done.

• (2:50 p.m.)

We are all aware of the agitation of consumers during the last two years over rising prices. We have heard their insistent demands, as voiced through the Consumers Association of Canada. We have seen some of their demonstrations and have read some of their briefs to the government. I get the impression now that at long last the government senses that the public is demanding more government involvement in this problem which affects every household in the country. Bill No. C-161 appears to be the government's answer. Does it meet the demands of the consumer or is it, as some hon. members have suggested, just window dressing? Is it an attempt to give the public a glamorous or important feeling and create the impression the consumer will have a voice in the councils of the mighty?

The minister who will be in charge of this new department is very friendly and charming. However, it will take more than charm, I am sure, to satisfy the consumers who have seen the purchasing power of their dollar eroded almost monthly. If I may be facetious for a moment, I should like to refer to the fact the bill says the minister will hold office at pleasure. Of course this means at the pleasure of the government. He will also have to look to the pleasure of the consumers in a large way. I feel he is going to have a very difficult job in this regard. I do not believe the provisions of the bill are sufficiently strong to allow him to satisfy the consumer.

I have a brief from the consumers association before me, but I shall not refer to it at any great length. It was presented by the Consumers Association of Canada in March, 1960, to the government. Several statements are contained in the brief to which I shall refer a little later relating to the concern of these people over prices. I also have a letter from the president of an organization called "Women Against Soaring Prices", which I imagine works closely with the Consumers Association of Canada.

This organization, Women Against Soaring Prices, asked for and I imagine received a hearing from the Prime Minister (Mr. Pearson). The letter reads in part:

> Sir, we have a petition regarding this urgent subject—
>
> Prices.
>
> —signed by 12,000 of our fellow citizens and addressed to you. We therefore respectfully request an appointment at your earliest convenience at which we can place that petition in your hands directly, and, we hope, discuss with you what can be done to combate soaring prices on essential foods and skyrocketing rentals.

I quote that part of the letter because while we have been referring quite often to soaring prices of foods, rentals certainly have been soaring as well. I think each one of us is acquainted with that fact, and it is part of the problems of the consumer as well. I put

on the record earlier a letter from a senior citizen who, of necessity, must have drugs each day. She sent me a voucher she received dated April 6, 1967 for a drug costing $1.70. On April 25, about three weeks later, the same drug cost $2.90. The voucher for April 25 contained this notation:

> There has been a price increase on this prescription in compliance with the new pricing schedule. Thank you.

This represents an increase of $1.20 on that drug. I believe increased drug prices will be a problem the minister's department will have to tackle too. Perhaps I should put on the record the figures relating to the repeated increases in the cost of living. The graph I have is headed:

> What every housewife knows.
> The advance of living costs was sharply faster in the past six months than it was in the same period during any of the previous three years.

The figures are taken from a Dominion Bureau of Statistics release. In 1964 the index rose from 134 to 137; in 1965, from 138 to 141; in 1966, from 142 to 146, and in the first half of 1967, from 146 to past 150. The graph certainly indicates a continual rise in the index, and this trend will continue unless the minister has more power than he would appear to have under this bill.

In the Saskatchewan *Bulletin* for October, 1967, we find a table setting out average family expenditure patterns for a family of four. In 1959 the exenditure on food amounted to $1,247, and in 1967 to $1,520. The expenditure on housing in 1959 amounted to $854, and in 1967 to $1,000. As has been pointed out by others, the 11 per cent sales tax on building materials is probably responsible for part of this increase. I will not quote all the items but they all show increases.

If I may be permitted, Mr. Speaker, I should like to go back into history for a minute. I am referring to a time which the minister would perhaps not remember too well, namely, the period of the wartime prices and trade board. I am not advocating that we have price controls such as we had then because we had a war emergency at that time and we were all working in the national interest. However, I am sure the minister can obtain some useful information, if he has not already done so, by consulting the files of the wartime prices and trade board. He might even find some information in his family files because his family had a direct connection with this board, but I shall not refer to that now. I am just making this reference, for the information of the minister. There are details there of consumer education and consumer protection to which I shall refer later.

I should like to read part of an article which sets forth the objectives of the wartime prices and trade board. As I say, I am not advocating price controls such as existed at that time.

> It makes all the difference to the happiness and smooth running of a home if there is some semblance of economic stability. It makes it a lot easier for the housewife if she knows that the prices of staple foods like bread and milk and flour will be just about the same next month as they are today, if she has some assurance that the landlord won't jump the rent, and that the savings in the bank will buy just as much next year as they do right now.

This article was written in 1942, but I believe we should try to attain the same objectives today. May I refer very briefly to a short article about the minister and his proposed consumer department, and I do so to give him full warning of what is ahead of him. The minister stated that this department will concentrate on the dissemination of information and the educational aspects of consumer buying. It will primarily be a service department answering questions from consumers and businessmen. Correspondence follow-ups will be one of the most important aspects of the new department.

• (3:00 p.m.)

This is why I have referred in particular to the wartime prices and trade board. In the operation of that board there was a consumers branch which was under the jurisdiction of the former Byrne Hope Sanders. That branch was evidence of the fact that as women do 80 to 85 per cent of all buying of goods and services they are a very important part of the battle to keep down prices. What I wish to emphasize to the minister is that this consumers branch had a network across Canada and linked with every women's group, and at the end of 1944—I have the record here—the English and French officers of the branch numbered nearly 16,000. This indicates how women can organize. I suggest that if the minister plans on answering the letters of all these women he will certainly have a job on his hands in this department. In this connection I emphasize what others have said, namely, the danger of building up an empire of his own in a great bureaucracy.

I should like to quote an article on this point which appeared in last night's Ottawa

Journal. The heading reads "C.S. Jobs Increased By 1,000 Monthly In '66" and the opening paragraph is as follows:

> Employment in the federal civil service grew last year at an average rate of better than 1,000 a month, a pace unmatched since the crash build-up during the second world war.

That was when the wartime prices and trade board was building up its personnel. The article goes on:

> Civil service employment has been creeping up steadily from its wartime peak of 116,000 in 1945. But it didn't really start to surge until the start of 1965. Since then it has increased by an astonishing 9 per cent.

I hope that the minister does not have in mind the building up of an organization anything like that.

The brief of the Consumers Association of Canada stated that at present there is no focal point in the government for consumer policy, to focus attention on how policies affect consumers. I think this could be the most important place that the minister could occupy in the battle against rising prices. He will be meeting with his colleagues and it will be up to him—certainly we in the house have not been able to do it—to convince the Minister of Finance (Mr. Sharp) that the 11 per cent sales tax on building materials and construction machinery is increasing the price not only of homes but also of goods.

The minister will also have to convince the Minister of Labour (Mr. Nicholson) that the present rate of interest on mortgages of 8¼ per cent is adding to the cost of homes, which in turn adds to the problems of consumers. In addition he will have to convince the Minister of National Revenue (Mr. Benson), as we have tried to, that on many occasions the unfair application of the estate tax makes it necessary for small businesses to sell out in order to pay this tax, thus reducing competition and benefiting the large retail outlets.

Lastly, Mr. Speaker, the minister will certainly have to convince the new Minister of Transport (Mr. Hellyer), who I imagine will take a lot of convincing in view of his other performances in this house, as well as his former colleague, now head of the transport commission, that increases in freight rates add to the cost of consumer goods. Coming as I do from the west I refer especially to the removal of the bridge subsidy on the long haul north of the great lakes, which certainly adds to the cost of consumer goods.

I should now like to refer to a matter on which I have spoken previously. It is something for which the consumers themselves are to blame and perhaps the minister can persuade them otherwise. I refer to the expensive diet fads which are the trend now across the country. I speak on this subject with some interest because I am a wheat farmer. I suggest that the consumers of Canada get back to the good old nutritional habit of eating more bread. I do not agree with some statements that have been made to the effect that bread is not good for you. It certainly is; it is a very healthy food.

Mr. Byrne: Especially home-made bread.

Mr. Pascoe: I would certainly match those western housewives who bake their own bread against any women in eastern Canada who are on a diet. I think western housewives who eat bread will win the prize both for charm and beauty as well as health. I object to this trend not to eat bread. Today women are asked, yes, and men too, to eat imported grapefruit when we in the west have the wheat waiting to be turned into bread. Therefore if the minister could convince these people to return to the eating of bread he will have done his duty in this regard.

An hon. Member: Don't forget eating apples too.

Mr. Pascoe: Yes, an apple a day, but that will be hard on the doctors.

As I was saying, Mr. Speaker, I think a great deal of the experience gained by the wartime prices and trade board will help the minister. I realize we cannot impose the restrictions of those days such as price ceilings and rationing because the problem is different now. But many of the approaches of the board worked then and some of them will work now.

May I conclude by repeating what the hon. member for Peace River (Mr. Baldwin) said, namely, that before the bill was brought in the matter should have been referred to the standing committee where witnesses would have been able to present opinions. Had that been the case I think the government would have come up with a much better bill.

Mr. H. E. Gray (Essex West): Mr. Speaker, every observer of Canada and Canadians remarks on our diversity, diversity of region, of occupation, of religion, of language, even of politics, if I can mention that word in this august chamber. But among the things that we have in common is the fact that obviously we are all consumers.

It has already been pointed out at an earlier stage in this debate that the late President Kennedy, in his first message to the United States congress, said that consumers have rights, the right to be informed, the right to choose, the right to safety, the right to be heard. I think that this applies to Canada as well. The citizen as a consumer is entitled to ask that these rights be protected where necessary, by the organized community, by government, no less than the more traditional rights of free speech, religion and so on.

• (3:10 p.m.)

There is a federal responsibility in this area of consumer interest and through this bill the government is attempting to have this federal responsibility carried out more actively and effectively than ever before. It would not be fair to the worker, to the family man concerned about how far his pay cheque will go, to give him the impression that the responsibility for consumer affairs can be carried out solely at the federal level. It is one which at present must be shared by the federal government with the provinces. But even under our existing constitutional arrangements there is a federal jurisdiction in consumer affairs which the federal government must use actively and creatively. Aside from a number of specific constitutional powers which have permitted it to act in the past in such areas as inspection of food and drugs to assure purity and safety, and in the area of weights and measures, the federal government in recent years has assumed a general obligation to keep the economy operating at a high level, which I think makes it necessary for it to take the consumer interest into account. This obligation involves efforts to maintain high levels of employment and income together with reasonable price stability.

Consumer expenditure on goods and services, according to the first report of the economic council, has been twice as large as all other uses of domestic output combined since the 1920's. In fact, 68 per cent of the gross national product in 1963 went for this type of expenditure. Twenty three per cent of family expenditures in Canada is for food. For low income families this figure rises to nearly 30 per cent, with another 40 per cent being taken for shelter, transportation and clothing.

Obviously, one key way of maintaining standards of living and making the pay cheque go farther is to make it possible for the consumer to make wise choices when he goes out to purchase, and to protect him from being misled and deceived in the marketplace. It must be clear by now that market forces, the pressures of supply and demand, do not of themselves supply the necessary degree of protection. Increasingly the supply side is coming to be or is held in the hands of a decreasing number of large concerns which are in the position to use economic power in a way that is not available to the thousands of individual economic consumers.

The new and complex technology going into consumer goods makes it increasingly difficult if not impossible for the consumer to make meaningful judgments as to their quality and safety. The same problem is created by much of modern packaging which, while attractive and colourful, provides a very limited amount of or no real information as to the contents of the package and its quantity. And even the information that is provided is often in a form that makes it impossible for the average person to make any meaningful comparison between the particular product and other products he may be interested in purchasing, unless he has a slide rule and an advanced degree in economics, biochemistry or dietetics.

If products may not be bought with safety it is obviously no answer to say to the consumer, "You do not have to buy this product next time." The damage is already done. In fact, the damage is done even where it is only a matter of the price of the particular product not being justified by the quality which the consumer finds when he opens the package. After all, the consumer's money is gone; and if it is a big ticket item, an expensive appliance, for example, it will be a long time before that consumer, who is stuck with something that does not measure up to the standards he was led to believe he could expect, will be able to go into the market again.

There have been continuing and growing complaints about rises in food costs, about misleading packaging, labelling and advertising, and about the difficulties consumers have in making judgments in a meaningful way when about to make purchases, as well as the organized consumer protests of the past several years. These show that our market economy, in spite of its obvious achievements in providing an amazing range of goods for a large number of people, does not of itself contain, adequate mechanisms to protect consumers from being misled or abused. This, of course, has been partially recognized over

the years, as evidenced by the creation at federal and provincial levels of legislation such as the food and drug laws and the weights and measures laws which are designed to afford a degree of protection to the consumer. At the federal level, however, as has been pointed out, responsibility for implementing and administering this legislation has been scattered over a number of branches, over a number of different departments, all of which have other primary purposes and concerns. There are gaps which have not been covered by existing legislation. There has been no central co-ordination, no voice for the consumer interest at the policy-making level.

This bill, Mr. Speaker, will go a long way to meeting these requests. The bill creating the department of consumer affairs is one that has been requested by the Canadian Consumers Association for a number of years. The report of the joint committee of the house and Senate on consumer prices, a committee created by this government, strongly recommended the creation of such a department. Obviously there will be an important role for the new department of corporate and consumer affairs, not only to carry out more effectively existing programs of consumer protection but to add to them and expand them where necessary.

The federal government—and I should like to deal with a number of areas of activity which I hope might be undertaken by this new department—already sets standards for many products it buys. Many of these products are also offered by their manufacturers to the consumer market. Why cannot the federal government go on to expand its existing program of setting standards and set standards which would cover a wider range of goods? It could offer a mark which could be carried by goods meeting these standards. The government has gone part of the way in the area of marking agricultural products. Even there, consumer groups have pointed out the need for making these markings more immediately meaningful and significant to the consumer. Therefore I suggest that one program that might well be undertaken by this new department would be to expand the system of standards which already covers a wide range of products purchased by the federal government. In that way a marking could be made available to products meeting these standards offered to the consumer.

Surely, also, there is room for the strengthening of existing laws to ensure fair and informative labelling of goods to permit meaningful comparisons to be made. Sometimes we hear arguments that abuses in labelling, packaging and advertising can be left to the self-regulation of the appropriate segment of industry, to the segment of the business community that is concerned. I think the available evidence proves that this is certainly not the answer.

Better business bureaux do good work but the great gap there, of course, is that they have no sanctions they can apply to those who they find have not met the minimum standards required. I have had people come to me and say "I went to the better business bureau and they wrote a letter to the firm; the firm did not reply or they gave an unsatisfactory answer and the better business bureau says that it is sorry but it cannot do any more."

This shows that in spite of many satisfactory adjustments bodies such as better business bureaux are able to obtain there are gaps which cannot be filled by such voluntary adjustment programs. Sometimes an industry group comes along and says, "We have set up an association; we have a code of conduct, and it is going to do the trick". Of course, the weakness of this argument is that a code of standards of this type has no effect on the firm that does not believe in it or that does not want to follow it. I think that reference has already been made to the code of standards set up by what I believe is called the Canadian Association of Manufacturers of Chemical Products. It is a very useful code, but it is one which would have no effect on those firms that do not choose to belong to the association or which choose to belong to it but say that they do not care to carry out this code in its entirety.

It seems to me, Mr. Speaker, that the minister of this new department, if it is approved by parliament as I hope it will be, could look into the creation of a body within his department to carry out a task somewhat similar to that carried out by the federal trade commission in the United States.

• (3:20 p.m.)

Our systems of enterprise and of industry are not so dissimilar that the type of complaints with which this body deals in the United States, complaints concerned with misleading advertising, misleading packaging and so forth, could not be found to exist here. So there is room at the federal level for action. I think there could be jurisdiction under the existing laws governing patents and trade marks. I suspect jurisdiction will be found also under the heading of the British North America Act covering trade and

commerce. Some students of the matter have said that this power could be used far more actively and creatively than it has been up til now. I hope the minister will take a look at these studies if he has not already done so, and that he will be influenced by their conclusions.

I hope, also that the minister will take steps to make some of the facilities of the various government laboratories such as exist in the National Research Council available for the testing of consumer products. I understand it is very difficult for consumer groups in Canada to have tests carried out, such is the expense involved, and I maintain that if firms making industrial products can turn to the N.R.C. and ask for tests to be carried out in connection with the manufacture of their products, active consideration should be given to allowing laboratory facilities to be used for the testing of consumer products to provide better information for consumers.

Since we have jurisdiction over promissory notes and bills of exchange I think people are on the right track when they say the federal government should help eliminate the abuses which occur when finance companies, having taken assignment of promissory notes, hide behind the non-recourse provision in the Bills of Exchange Act and say to consumers whose goods have fallen short of reasonable standards—perhaps they have never even received the goods ordered— "We can do nothing for you; you have signed a document without recourse and that is all there is to it." Some nice legal points are involved in all this, but it is too much to expect the average citizen to be aware of all the implications of this type of purchase arrangement and I think there is room for corrective action to be taken under the leadership of the minister and his new department.

I hope, too, that the creation of this new department will mean the carrying on under federal jurisdiction of the progress reflected in the Bank Act where provision is now made for disclosure of the true interest rates on loans. At the present time this is limited to borrowing from banks under the Bank Act. There is room for amendment to the present Small Loans Act to make sure that people who borrow within the terms of that act are able to know the real cost of their borrowing. This is a subject on which the joint committee on the cost of living and consumer credit, again under the leadership of Senator Croll and the hon. member for Vancouver-Burrard (Mr. Basford) did a lot of constructive work, and it represents an important field of action for the new department.

I urge that the jurisdiction over combines will be actively used to ensure that the trend to bigness on the part of manufacturers and suppliers will in fact bring the benefits of mass production and mass distribution to consumers rather than become the basis of inordinate price increases.

There is certainly something to be said for educating the consumer, but there is obviously a role for regulation too, and this must be the justification for including in the responsibilities of the new department jurisdiction over certain federal responsibilities in the area of corporate affairs—bankruptcy, patents, trade marks and so on. The protection of consumer interests on the demand side requires regulatory activity on the supply side as well. I might add that this type of activity is also a protection for businessmen who want to provide quality goods at reasonable prices. Possibly the minister has seen a note in the recent edition of *Consumer Reports* suggesting that a sort of Gresham's law of the marketplace is in operation whereby the existence of a large number of people producing shoddy goods discourages more reputable businessmen from turning out goods of better quality at reasonable prices.

It seems to me that if the purpose of including these regulatory activities in the work of the department is to protect the consumer interest the name of the department should be reversed and it should be called the department of consumer and corporate affairs, not the department of corporate and consumer affairs. Even though certain business regulatory activities are provided for, my contention is that the basic purpose of the department is to protect the consumer interest, and I think this can be taken from the remarks of the minister himself. I note that as reported on page 3069 of *Hansard* for October 13, the hon. member said:

> In order to represent the demand side of the marketplace and to give the consumer and investor a direct voice in governmental affairs, any department charged with that responsibility would have to have some authority over certain aspects of the supply side of the marketplace. Those aspects of the supply side of the marketplace are covered within the corporate affairs functions of this department.

I note also that as reported on page 3108 the minister said:

> I hope that this department will be responsible to the consumer, will represent the consumer and will give the consumer a new voice at the ministerial level of the federal government.

If this is the intention of the minister and of the government I suggest to him and to the house that as soon as we reach the committee stage on this legislation the name of the proposed new department be amended so that it will clearly be demonstrated that the emphasis in this department is placed where it should be, that is, on caring for the interests of the consumer. I myself would be happy to move an appropriate amendment if this were acceptable. I strongly urge on the minister and the house acceptance of the idea of putting the word "consumer" first in the name of the department so as to demonstrate that this government is assuming its responsibility to exercise as completely as possible its jurisdiction in a meaningful way to protect an interest common to all Canadians—our interest as consumers.

Mr. Deputy Speaker: The hon. member for Kootenay West.

Mr. H. W. Herridge (Kootenay West): That was a narrow squeak, Mr. Speaker; I have just finished writing a few notes in connection with this bill.

First, I should like to congratulate the hon. gentleman on his coming appointment to this most important ministry and wish him well in all he undertakes in the administration of this legislation when it becomes law. In that connection I may say I have been asked by some of the people who knew him when he was a young man to extend their best wishes as well.

• (3:30 p.m.)

This and previous debates within the last two weeks have indicated that similar problems come repeatedly before the house. This is an indication that history repeats itself. I am rather fond of history. I suppose that is why on occasion I am called a bit of an old Victorian, but I do not mind that.

It is interesting to note that on April 16, 1935, the house discussed the first federal housing policy. We have heard about housing policy in recent days. On April 12, 1935, the house discussed the radio broadcasting bill. We have a bill dealing with that subject before the house at the present time. On April 9, 1935, the house amended the Post Office Act, and in the near future we expect another bill to amend that act. On April 12, 1935, the house discussed the price spreads commission report. I well remember reading that report when it was issued. I well remember the interest created throughout the country as a result of the hearings that the commission held.

[Mr. Gray.]

Mr. Turner: Does the hon. member know that the Prime Minister (Mr. Pearson) was the secretary of that commission?

Mr. Herridge: I had forgotten, but now I remember he was. I also well remember that that commission was established as a result of the activity of Hon. H. H. Stevens, a Conservative member of parliament, who was concerned about the depressed economic condition of the country at the time. We must give him credit. He was the first one to campaign in an election to form a new party, the Reconstruction party. He was elected in Kootenay East and his election slogan was, "Protect the Consumers' Interests." He spoke on that subject in the house, as did other hon. members on both sides of the house. The issue was boiling at that time. It was of great interest to the Canadian people.

Mr. Ricard: Conservatives are always interested in the well being of the consumers.

Mr. Herridge: I would naturally suppose so. However, owing to improved economic conditions and to the second world war, interest in that issue died. Now we are faced with a similar round of circumstances, with a rising cost of living over the last few years which has again brought the matter to the attention of the house. A committee of the house has given considerable thought to the question and has heard witnesses from consumers' associations and other groups. I only mention these things to indicate that there seems to be a continuing cycle in parliamentary affairs as a result of which problems return to us over a period of years.

I listened with interest to the minister's speech and to the speeches made by members of this group. There is no necessity for me to repeat the criticisms that have already been stated with respect to the terms of the legislation. They were expressed forcefully and I am sure made an impact on the minister's mind. I also listened with interest to what I thought was a most constructive speech by the hon. member for Peace River (Mr. Baldwin), dealing with the difficulties surrounding this type of legislation. Further, I listened to the interesting speech made by the hon. member for Burin-Burgeo (Mr. Jamieson). I thought he made an excellent speech and made some constructive suggestions with respect to the administration of the legislation.

In my opinion this bill does focus attention on a problem which is Canada-wide. The hon. member for Newfoundland mentioned that people in Newfoundland suffer more

from increases in the cost of living than we do in British Columbia, but the problem is country-wide and affects consumers in general.

I doubt that this legislation can be administered satisfactorily or will prove of great value unless the government is able to get the co-operation of the provincial governments in administering it. This point was mentioned by the hon. member for Peace River and other hon. members. I think that is essential. In the first instance there must be co-operation with respect to research, the providing of information and so on. It is also essential to have co-operation with consumer and other groups. The government must get the co-operation of larger groups in our society that are directly affected by increases in the cost of living. These would include consumer groups, women's organizations, trade unions, chambers of commerce and all other agencies that can be persuaded to co-operate with the federal government in giving effect to the legislation.

I trust the minister will accept the advice of hon. members who have suggested that information be given to the public on prices prevailing throughout the country, and that he will have courage enough to mention the names of firms that violate the spirit and intent of the legislation. In that respect I refer to brand names and company names. It is essential to focus attention on the culprit, no matter how important he happens to be in Canadian society. There is nothing as effective as drawing attention to the person who is causing problems for the people and the government.

I was most interested in references that were made to the need for an educational program. There again we must get the co-operation of all interested groups. The public has got to be educated with respect to buying food which is of value because of its nutritional content. The public must also be educated on sound purchasing habits. There is a lot that can be done in that respect. We live in a very wasteful society. We see this every day, and I think something can be done by the federal government, provincial governments and other agencies to help establish sounder habits in that respect.

The hon. member for Burin-Burgeo mentioned baking one's own bread. This is something very dear to my heart. I realize that a great number of women are working today and do not have the opportunity to bake their own bread, but from practical experience I know they can do it. My wife bakes her own bread even here in Ottawa with only two of us to eat it. We have kept track of the cost of homemade bread and I can tell you the cost is about half that of baker's bread.

I think the minister would be well advised to get in touch even with people on welfare who are going to shops and buying expensive baker's bread in order to see to it that they are given information on how to bake their own bread.

Mr. Ricard: Home-baking tastes much better too.

Mr. Herridge: Much better.

Miss LaMarsh: It is very fattening.

Mr. Herridge: That is a fact.

Miss LaMarsh: Takes too much butter.

Mr. Herridge: I think the department should arrange for competent officials to give talks to women's institutes, consumer groups, farm organizations, chambers of commerce, in fact to any groups willing to listen to government policy and learn what it hopes to achieve. In this way such groups will participate in the work. This is a suggestion which I have made with reference to other legislation. I forget for the moment which legislation it was, but at any rate the department concerned followed the advice and it was surprising the co-operation it got from various organizations once they had an opportunity to listen to the government's policy.

• (3:40 p.m.)

We must remember that this is a large country. Many of our towns and smaller communities have a feeling of being a long way from the centre of government. I think it would be a good thing if they were given the feeling that they are involved in the administration of legislation. This could be accomplished at least in part by their being informed through the lectures which I suggest and in other ways.

I believe it is very necessary for the minister to co-operate with the press. I doubt that it is necessary for me to advise him in this regard because he is an intelligent young man. I must say that I have heard several references to a certain image being created. I do not agree with that. I loathe the word "image" because it is a product of Madison avenue attempts to deceive people for the

purpose of selling goods, services or personalities. I am sure the minister is above that. I suggest that there should be every co-operation with the press here in this house and throughout the country, as well as with the farm union periodicals. I think this idea must be sold to them. If they are genuine in their expressed concern about the cost of living and its impact on the Canadian people generally, they should be only too willing to co-operate and place the research they have done on this matter in the hands of the federal and other governments which require it.

As I said before, there is a great deal to be done in connection with research as a result of co-operation between all governments and agencies which can do effective work in this direction. As a result such research will provide a basis for information which may be given to the Canadian people.

Before I take my seat I should like to deal broadly with clause 5 which reads as follows:

> The duties, powers and functions of the minister extend to and include all matters over which the Parliament of Canada has jurisdiction, not by law assigned to any other department, branch or agency of the government of Canada...

Those are pretty wide terms of reference. Then it goes on to say that this provision relates to certain matters. The first is consumer affairs, which I have been discussing for a few minutes. The next is corporations and corporate securities. I think other members who have spoken have given us the benefit of their knowledge and opinions on that question.

Then there is reference to combines, mergers, monopolies and restraint of trade. There is a general feeling abroad that the combines investigation branch, giving it all credit for the work it has done in the past, has not been as effective as it should be in prohibiting combines and mergers throughout this country. I am sure the minister will explore all avenues by which the administration of this legislation may be improved.

The next is bankruptcy and involvency. I have had a little experience in respect of bankruptcies. I have been a trustee in bankruptcy and that sort of thing. On one occasion when I was an inspector I refused to sign the report which was being made to the superintendent of bankruptcy by the trustee in question because I said it was not true. Nothing was done about this. It was sent to Ottawa and that was the last I heard about it. For some unknown reason and because of my stubbornness in refusing to sign the report, apparently it was decided that it would be accepted without my signature. This was done.

There is need for a different state of affairs in respect of the administration of bankruptcies at this time. This is a problem which is more widespread than would appear on the surface. Justice must be done with regard to all parties who are concerned. I trust the minister will tighten up the administration of bankruptcies after this legislation is adopted.

Then we come to patents, copyrights and trade marks. I have had experience in this regard, but I have no criticism to make of the branch of the minister's new department which will be responsible for this aspect because I have found that generally these matters have been handled well and if they were in confidence and so on they were treated in that way.

I believe that the matters which have been stressed are ones in respect of which something must be done to protect the consumers of this country and to strengthen the Bankruptcy Act so that it will be administered fairly in respect of all persons concerned with any bankruptcy. I do not intend to say much more at this time because as I said before I do not believe in repeating unnecessarily what has already been said. In conclusion may I say that I for one will be looking forward with the hope, as will other Canadians, that the minister will be able to make this department really effective, because attention is focused on this department, on this legislation and on its administration.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I do not intend to speak at length because I know this very important bill has been discussed objectively and constantly since Tuesday. I know also that hon. members who have spoken and who have taken a keen interest in this debate so far would like, if possible, to wind up the debate today so that the minister will have an opportunity to express his opinions and obtain second reading before the normal closing time.

I am particularly pleased at this time to have an opportunity to participate in the debate because of the fact that the minister and I both come from the island of Montreal. We were elected to the House of Commons in the same general election of 1962. We shared the same office and, indeed, since there was only one telephone for two members in those days we shared the same telephone during

the short period of time when we sat on the opposition side between 1962 and 1963.

I think the minister will prove to be extremely capable in the administration of his department. Although we sometimes forget this fact he has been a member of the House of Commons now for five years. During that time he has shown considerable interest in the policies and affairs of the nation. He has also built up a reputation, which is fully deserved, as a very objective and progressive member of the government. I am sure it is the feeling of every person in this house that he will do justice to this very important department.

There has been some criticism to the effect that in many ways this bill does not go far enough. One must take into consideration, however, the rather peculiar make-up of this country and the obvious necessity for the government to respect our constitution. This is a point which the hon. member for Peace River (Mr. Baldwin) emphasized so eloquently earlier today. Many of the problems with which we are confronted in 1967 and which tend to create a feeling of disunity and resentment in this country have arisen from the fact that too often in the past we have been prone to disregard the spirit and intent of the constitution as it was envisaged 100 years ago.

• (3:50 p.m.)

So, Mr. Speaker, the effectiveness of this department in many areas will depend on the persuasive talents of the minister and the team of experts he is rapidly attracting to this new and all-important department. I presume and hope that the future of this nation will depend more and more on a greater degree of co-operation among all three levels of government. I believe this will all come about because the public is becoming more aware of the problems which tend to create disunity. They are growing impatient with politicians at different levels who attempt to hide behind the constitution. I suspect that the people of Canada very properly anticipate and expect more co-operation and joint action, particularly in respect of the affairs of the consumers and those things important to the man on the street, than has been the custom in the past.

Rather than being pessimistic about the fact that in some ways this bill depends on more co-operation between federal and provincial authorities, I am optimistic because I think this is the spirit that will prevail in Canada in the future. It is my belief that the federal government will respect the jurisdiction of the provincial governments and that this will become a country in which provincial governments in turn will realize the necessity for closer co-operation and greater communication with the government here in Ottawa.

I followed with a great degree of interest, as I am sure most members did, the events leading up to the establishment of this department. I read with great interest and concern the proceedings of the joint committee of the house and the Senate on consumer affairs. The many facts brought out by that particular committee were very revealing. They indicated the need to make practices more uniform, less confusing and less deceptive. It will be the role and the responsibility of the minister to rectify these obvious misrepresentations which do occur from time to time in what has been commonly called the marketplace.

I am not in accord with those people who have expressed the opinion here, outside the house and before the committee, that advertising is bad, that it adds to the cost of production and that if we could eliminate or limit advertising we would automatically reduce the price of the commodity. Nothing is further from the truth. Advertising in general has played a very important role in the development of the economy of the North American continent. It is in fact one of the fundamental and basic differences between our economy and that prevalent behind the iron curtain, where advertising until very recently was practically non-existent. It is significant as we travel around the world to see other countries adopting the marketing practices which are prevalent in the United States, and indeed in Canada. They are being adopted because they are logical.

We are all nostalgic about the old fashioned marketplaces, but the majority of housewives prefer to buy their produce today from the supermarkets rather than from outlets such as are still prevalent in many parts of Europe, where they count out so many heads of corn, and measure and weigh everything to be placed in a paper bag for the customer. That was the situation when I was young—and I am not that old.

Let me point out to the minister that I hope during his remarks he will assure the house and the public that he is interested in the advertising world, that he will not limit advertising on the pretense of preventing fraud or deceptive advertising. I hope he will

assure us that he has no intention of limiting or interfering with private enterprise by suggesting that a part of their advertising budget over and above a certain ceiling be allocated to cost reductions.

In this regard I have in mind the drug industry. The Hall commission report suggested that drug advertising should be limited. This is the type of restriction intended to lower the cost of drugs, but I suggest it would be a flagrant interference in what to this date has been private enterprise. Even the arch-enemies of the drug industry from the United States who appeared before the committee made the point that there would certainly be little or no purpose in curtailing advertising.

When referring to volume advertising, the money spent cannot be associated only with the advertising field. Many loose statements have been made about advertising and the need to curtail, restrict or interfere with it. One has only to consider the cost of the daily newspaper to realize the very valuable role that advertising plays in our everyday life. We are all aware of the fact that we could not buy a newspaper for seven cents, 10 cents or even 15 cents were it not for the revenue from advertising. Our radio and television stations could not operate efficiently or economically without the support of advertising. Again I am not referring to distasteful or fraudulent advertising. I am emphasizing that advertising has played an important role in the development of our economy. This is one of the main differences between the economy of this country and countries such as Poland and Russia.

In this respect it is interesting to note the news from Poland, Russia and other iron curtain countries which indicates that they are going to do things in a different way in the marketing world. They intend to pattern their methods after those prevalent in this part of the world. I suggest to the minister that he resist any effort on the part of his advisors, if indeed there are any such efforts being made, to adopt any restrictive action in respect of advertising. He should not adopt any restrictive measures in this regard, other than those of laying down rules and regulations governing what constitutes honest as opposed to dishonest advertising.

I should like to have said more about other things in relation to this subject, but I realize it is now four o'clock and that one of the more active members of the consumers committee wants to make a few remarks. I also realize that the minister would like to conclude the debate. Therefore, I will stress one point rather than the three or four I had in mind.

[Mr. Mackasey.]

• (4:00 p.m.)

I am very pleased to note that clause 5 of the bill, which refers to other duties of the minister, does not cover such typical things as the price of cornflakes, whether the boxes should be red, blue or green, oblong or square. The minister has retained, as he should, some other very important responsibilities. I am referring, for instance, to patents, copyrights and trade marks. I am very much aware of these because, along with other hon. members, I attended close to 100 meetings of the special committee on food and drugs and we all realize that there is no cut and dried solution in this very complicated field. But I would remind the minister that out of the Harley committee report came, not one or two, but 21 or 22 or more recommendations. I am not sure of precisely how many there were because I have not looked at them for several months.

One of the problems of the government, which is perhaps at times an indication of a lack of communication between different ministers, is that to implement all the recommendations of the Harley committee report which, if they were all introduced, would achieve the desired effect of lowering the cost of drugs, would require the efforts not only of the present minister whose department we are discussing but also legislation by the Minister of National Health and Welfare (Mr. MacEachen) and perhaps the Minister of Industry (Mr. Drury). In all fairness to the present minister I think that before making important changes, for instance in the field of patents, copyrights and trade marks, he should discuss them with the other ministers involved, because he may find these desirable changes are not practicable and cannot be effective unless another minister brings forward necessary legislation.

In that same report it was proposed that the recommendations of the Hilliard report be implemented and that before the minister decides to adopt certain recommendations of the Harley committee to alter the Patent Act, the Copyright Act or the Trade Marks Act he should make certain that the food and drug directorate is enlarged and given the proper funds to ensure that the drugs flowing into this country as a result of these changes are subjected to the most rigid scrutiny. I am not

a medical man but I read the report, I attended the meetings and I understood the implications of the Hilliard report. The Hilliard report simply states that the methods of inspection in Canada today are not stringent enough and that they should be more sophisticated.

I may remind members of the house that this committee was set up as a result of a request made in the house by Dr. Jones, a former member. I should say, in all fairness to the minister, that if he were to introduce changes in the Patent Act without previously ascertaining that the Minister of National Health and Welfare will implement the Hilliard report and that the same minister will broaden the food and drug directorate so as to provide an assurance to the Canadian public that the imports coming into the country as a result of these changes are subjected to the most rigid tests in order to avoid another thalidomide tragedy or something of this nature, he would be doing a disservice to the Canadian public. The point I am trying to make is that as a member of the Harley committee and as one who endorsed its recommendations I am convinced that changes to the Patent Act will entail provisions which would give greater importance to the safety of drugs than to their cost.

I think the minister understands my message and agrees with me that the cost of drugs must and can be reduced by proper legislation but it cannot be reduced by piecemeal legislation. So there should be a concentrated effort on the part of all the ministers involved to implement the recommendations of the Harley report almost simultaneously, otherwise we would be unfair to the minister of this all-important new department.

I might say, as a personal friend of the minister, as one who was elected in the island of Montreal at the same time as he was and as one who shared the same office during the short time we were in opposition, that I wish him well. I know he will make a success of this department and I suggest to those people who feel this bill does not go far enough that we must not underestimate the minister's well known persuasive ability to acquire or achieve the right degree of co-operation from the provincial and civic authorities

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, it is not my intention to go over a great deal of the ground that has been traversed these last few days, but I do not want to see second reading given to this bill without making a few comments in summary, because in my view the matter dealt with in the consumer part of the bill is one of the most important to come before parliament this fall. I consider it, along with housing, as being of first urgency in the minds of the people across the country. I want to make certain points crystal clear because now that we are committed to this legislation there is no particular point in trying to do other than to see what it will do and where it falls short.

I should like to point out the genesis of this legislation. A year ago women from all across Canada, buyers and shoppers for their families, found that the cost of living had risen out of all proportion. They came in large numbers from all across Canada to picket and boycott the supermarkets of this country. They made their voices well heard and their influence well felt on parliament hill. It was because of them and nothing else that the committee which was set up to study consumer credit was instructed to study the cost of living, which it did with particular reference to food and to a lesser extent to housing. I want to emphasize that this legislation was brought down first and foremost because of the rising cost of living.

The committee found there were two problems of great urgency to the customers of this country. One was the problem of consumer standards. The other was a problem of infinitely greater concern and urgency, namely the problem of the rising prices. When we were first given a chance to look at this bill most of us had the feeling that it empowered the new department to do something about consumer standards. However, on looking at it more closely we see that it is vague in its terms although it allows the minister to deal with standards, and such things as deceptive packaging, labelling and deceptive advertising. I do not want to belittle this aspect of the bill. I think it is important to all consumers across Canada that there be legislation dealing with deception and false advertising.

• (4:10 p.m.)

Having said that I should now like to point out that this legislation attempts to do little or nothing at all to deal with the really urgent problem facing the consumers of this country, namely the rising cost of living. This bill is particularly empty in that regard. Unfortunately, I was not able to listen to the minister's speech at the second reading stage of the bill. However, I read it quite carefully hoping to find that he would put some teeth into that part of the legislation which should be dealing with prices. I hoped he would be able to read something into the legislation

having to do with prices and the cost of living. Unfortunately, I consider the minister's speech was a little like the deceptive packaging and labelling about which we have heard. I thought his speech cast a veil of uncertainty and confusion around the legislation instead of helping to clarify it.

I do not believe the minister made any case that he intends to do anything about the cost of living, other than the slight savings that might accrue to the consumer as a result of improved packaging and labelling. Those things, Mr. Speaker, the deceptive packaging and labelling, are less than one tenth of the iceberg that shows above the water. The danger to navigation lies in that part of the iceberg below the waterline, that part which cannot be seen, and I would compare it to the cost of living. I am afraid that when we have eliminated the glossy packaging of the minister's speech we are left with the conclusion that we will have empty hands, in so far as our fight against the cost of living is concerned.

I am afraid that the picture the one hon. member drew this morning of a very gallant Mr. Turner accompanying the housewife through the supermarket with her shopping buggy, protecting her from the cost of living as they went along from shelf to shelf, will not remain long with Mrs. Consumer across the country. I think that after all the foufaraw of the debate, it will be seen that the minister has taken refuge, as the ministers of other departments have before him, behind the constitutional difficulty of doing this job of coming to grips with the cost of living.

We are not denying for a moment that this is exceedingly difficult. It is a piece of pioneering. Never before in peacetime have we had to come to grips with the problems of the cost of living and prices, in the way we have to do now. In his speech the other day the minister indicated that I seemed to be looking upon the new department as a reincarnation of the wartime prices control board. I am not looking upon it as that at all. I am under no illusion that the new department pretends to be a reincarnation of the wartime prices control board, nor at this stage do I want it to be such. I do want to reprimand the minister, and I say this more in sorrow than in anger, because he has said very clearly he does not intend to cope with these difficulties.

It is the minister's unwillingness, his folding up in front of the difficulties, constitutional and otherwise, which I feel is regrettable.

[Mrs. MacInnis (Vancouver-Kingsway).]

We know the constitutional difficulties are great. Pioneering has to be done. We know also that in every province from Newfoundland to British Columbia there are thousands upon thousands of families on low incomes, families with a large number of children, people who are on welfare, old age pensioners, people who are incapacitated, and so on, who are groaning under the burden of the rising cost of living. This morning one of the members from Newfoundland referred to the difficulties in that province. I want to say, as I said at the resolution stage, that if the minister would take his courage in both hands and go to these provinces, they could devise machinery at the federal and provincial levels, whether it be concurrent legislation or some other type of machinery, with which to deal with the rising cost of living. We would get some stability for the consumer. I do not believe there would be a provincial government that would dare say no to such a suggestion.

Everyone says that this minister is young, vigorous and energetic. Heaven knows he has that appearance, and I hope it is not just an appearance. I hope he will use these qualities of youth and energy in order to do the pioneering job that needs to be done. I say to the minister that in all the important fields today what we need is not a federal government quarrelling with provincial governments, like dogs daring each other to step into the other's territory. This attitude has been tried and has been found wanting today. What we need is a partnership between the federal government and the provinces in order to find ways and means of dealing with an urgent problem. Housing and the cost of living are two of the most urgent problems. I should like the minister to try to find a workable solution with the provinces. He could go to them one by one or take them on all at once if he felt capable of doing so. He may find one that would be receptive. Ontario might be a good place to start because that province proved amenable to working with the federal government in connection with housing. I do not see why they would not do so in this case. Recently the Ontario government has had a reminder that if they do not, somebody else will, and in the not too distant future. I believe ways and means could be worked out for controlling this cost of living.

I knew the minister had been reading Mr. Galbraith's book the minute he spoke about the split level facet of our economy. I knew that although he used his own language to

describe the economy. I hope he will not disappoint me by saying he has not read the book. The minister knows quite well that all corporations in this country are not subject to the free play of the market. He knows the giant corporations which dominate every major field of Canadian industry are able to plan right down to the last detail. They are, to a very great extent, independent of market influence. He knows that they can plan their budget, they can plan their returns, and he knows that advertising cannot be dealt with separately because advertising is an integral part of their existence. He knows all these things.

But I should like to suggest to the minister there is something he does not know. Mrs. Consumer, from one coast to the other, wants to be able to plan her budget, too. The consumers of this country have been unable to plan their budgets because they have been subjected to uncontrolled advertising which has pulled their budget entirely out of control. As a result of these different merchandising interests jockeying for a larger share of the housewife's dollar, her budget has gotten completely out of balance.

• (4:20 p.m.)

She finds she is no longer able to purchase those items which are essential to a decent standard of living in this country. What is required is to get some kind of price stability for the consumers of this country. We need this type of planning in the homes of this country. The people of this country are looking to this government for the opportunity to make a balanced, planned budget for their families, just as the Minister of Finance (Mr. Sharp) is expected to do for the nation as a whole. I very much wish that the minister would attempt to do this.

We will, of course, Mr. Speaker, have to support this legislation because it does take care of the standards problem, at least in a measure. But we are going to support it very reluctantly and half-heartedly because of what the legislation does not do. During the committee stage we will try to improve it if we can. On the other hand, we feel there are many problems in connection with the cost of living that are not even touched by this legislation.

If the minister cannot do any better than what is envisaged in this legislation, then I do not think it will be very long before the consumers of this country once again start to boycott supermarkets and other merchants. This they will have to do. Consumers have been asking me all along the line what this new legislation is going to do to reduce the cost of living.

One good aspect about this legislation, to which I would like to refer, is the intention of the minister to provide consumer information. I hope that this will not be given in stodgy, unimaginative leaflet form in this day and age, when radio and television are the media for contacting people. I should like to see the minister use our information facilities to the full.

I suggest, Mr. Speaker, that if he really wants to become known and to make his mark in Canada among people who have never cared very much for politics—and I refer to the women of this country—then this is one way he can do so. The reason that women in this country have never cared very much for politics is not difficult to see. They have been burdened of course with the greater share of caring for children in the home. But even at that, Mr. Speaker, if women wanted to be interested in politics this double burden would not stop them. The reason the women of this country have not been interested in politics is that they have failed to see the connection between politics and family concerns, such as the welfare of their husbands, their children and their homes.

I suggest to the minister, at risk of telling him how to prolong the life of this government, that if he wants to make a name for himself and to help his own followers in the government nothing he may say would be half as important as to up and grapple with this problem of the cost of living in general, and of prices in particular. Let him enter this den of lions, the provinces, if I may call them that, and approach them as though they are not going to bite. And perhaps they will not, Mr. Speaker, because they are under the gun, too.

If the minister would do this and amend the legislation accordingly, and if he were willing to listen to some amendments which will be moved from the floor, then I believe he will have left an enduring mark not only upon the political scene of the country but, what is far more important, in the hearts of the people of the country who so very desperately need protection at this time.

The Acting Speaker (Mr. Tardif): Order. If the minister speaks now he will close the debate.

Hon. John N. Turner (Registrar General): Mr. Speaker, I have listened with great interest to the debate during the last two or three

days and noted the path which it has taken. I want to thank members of the house for their active participation in the discussion of this bill, and to thank particularly those members of the house who wanted to speak this afternoon but who agreed to defer their remarks until clause 2, which we will reach on the committee stage. I appreciate this very much. I think it has been a good debate, if not wholly constructive in every element. I should like to deal with two or three of the issues which have been raised, if I might, before I reply in general terms to some of the questions and objections that were raised during the course of our discussions.

First, Mr. Speaker, let me say to the hon. member for Peace River (Mr. Baldwin) that I was particularly interested in the position taken by the Conservative party. I felt that they were developing a new style of activity in this house, one which I would call a flip-flop, acrobatic style of politics. I mean by that that they are a party that have changed their course in midstream.

I recall having sat through the resolution stage last Friday and listened to the hon. member for Peace River and the hon. member for Yukon (Mr. Nielsen). The chief opposition party at that time was taking the view that a department of consumer affairs was not necessary at all. I have only to refer to the words of the hon. member for Yukon, reported at page 3073 of *Hansard*:

> In essence we on this side of the house believe that the government is not following a prudent course in setting up a new department to deal with the growing and vexing problem of consumer affairs in this country.

The hon. member for Peace River used words to similar effect, to be found at page 3086.

Now, Mr. Speaker, we find during the course of this debate, and in particular in the remarks of the hon. member for Yukon who opened on behalf of the official opposition, that he has disagreed with himself and has now become awfully concerned that the legislation setting up this department has not gone far enough.

This leads me to the question, why the change of heart? I have been pondering that question and wondering whether it was the discovery of the Gallup poll published earlier in the week, which in effect indicated that control of profits, prices and the cost of living had in the minds of the Canadian people become of primary concern to consumers. All I want to say in this regard is: What a difference three days make. At the resolution stage there was severe doubt about the necessity for a department at all. Then on second reading stage there is the feeling that the department as constituted does not go far enough: No consistency, no coherence.

Mr. Knowles: Mr. Speaker, I wonder whether I might ask the minister a question. I am wondering whether that same Gallup poll has persuaded the minister that he ought to go further with this legislation.

Mr. Turner: I think that the government was persuaded as to the importance of this particular problem in that it introduced this legislation, and I think the legislation will speak for itself.

I also listened with great interest to the very reasoned speech today of the hon. member for Peace River. His argument was that in order to accomplish what in his view the bill attempts to accomplish—I trust I am stating his argument fairly—a bill was not necessary at all. To his mind everything could have been accomplished in a reorganization bill; that the only purpose of a bill was to give the department a new name. I think in essence that was his argument.

In the view of the government this bill establishes in clear and definable terms the presence of the federal government in the consumer field.

Mr. Baldwin: Mr. Speaker, I should like to raise a point of order, because when the minister finishes at five o'clock I will not be able to speak again. I did say that was the case if it was intended to take only the narrow, more restricted position with regard to the government's intentions. On the other hand, I went on to say that if there was a real intention on the part of the government to try to come to grips with the wider problem of price control, I suggested certain measures by which the government could achieve this intention.

Mr. Turner: I will of course accept that explanation, Mr. Speaker; none the less the argument is on the record and I feel I should answer it.

The purpose of this bill is to establish in clear and definable terms the presence of the federal government and of this department in the consumer field. The bill establishes authority to co-ordinate and to represent the consumer interest. I think that the people of Canada have a right to know what are the purposes of the department and the methods that are being used to achieve those purposes. It is because of this that we have

attempted to define quite clearly in clause 6 of the legislation just what this scope will be within the complex of the federal government.

• (4:30 p.m.)

Let me say to the hon. member for Peace River, who like myself is a lawyer, that this legislation is not merely a legal document but a statement of government intention. As the ordinary citizen in this country is apprised of that intention through the communications media he will know what the government is intending to do. I feel that in his argument the hon. member took a narrow and juridical approach. In the amendment to the transportation bill especially, in section 2, the government set out the national transportation policy of Canada so that the people of this country would know how the government felt about that national policy. Also, in the broadcasting bill there is a declaratory section which sets out national broadcasting policy. Section 6 of the bill sets out, in clear language, the government's intentions with respect to this department. Government is not only the art of doing things; it is also the art of accepting responsibility for doing them. This bill pinpoints that responsibility in a new focal point for the consumer.

I wish to deal briefly with the arguments of the New Democratic party. Basically, their argument is that this bill is window dressing, that this bill has no teeth. The hon. member for Burnaby-Coquitlam said that I betrayed a nineteenth century philosophy in my concept of the marketplace, though he admitted that I had read Galbraith. He took an isolated remark from a speech that lasted one and a half hours.

My answer is that it is true, this bill does not set out the entire program for consumer affairs, as contemplated by the government. This bill is enabling legislation setting up a new department, having authority to co-ordinate existing activities; it is to promote the consumer interest and to initiate new measures. In my opening speech I described some possible measures to which parliament will be asked to assent to. I expect to be back in the house before too long with new legislation.

Answering the N.D.P., I believe that this department is a great step forward. I believe that the co-ordination of the consumer's interest will be more effective than it has been up to now. It has not been too effective because that co-ordination has been lacking. Existing consumer legislation is considerable in scope, and it will become more effective when certain new programs are introduced—programs such as mentioned by the hon. member for Vancouver-Kingsway and others on her side of the house.

Mrs. MacInnis (Vancouver-Kingsway): What about prices?

Mr. Turner: I shall come to prices. As I said, and I direct my remarks to members of the New Democratic party particularly, already on the statute books there is a considerable quantity of legislation affecting consumers. All this legislation is less effective than it might be because of a lack of co-ordination. To bring about this co-ordination is part of the federal program with respect to consumer affairs. Here I am talking about section 306 of the Criminal Code and about section 33C of the Combines Investigation Act. These relate to misleading advertising, and so on. I also refer to the amendments to the Corporations Act. We shall be moving into the federal security field, for the protection of investors. We shall be making efforts to co-ordinate and consolidate legislation on consumer credit. Here I must also mention the food and drugs regulations that are already on the books, the weights and measures legislation that is already administered by the standards branch; the laws affecting the description of misleading or deceptive qualities, which are administered at the moment by the Departments of Agriculture and Fisheries; and, under the Combines Investigation Act, monopolies, mergers, restraint of trade, price fixing and retail inspection services will all be included. All this legislation will be co-ordinated; the welfare of the consumer will be paramount under new legislation.

This is not an omnibus bill; this is not a bill which contains the entire consumer program of the government. This is a bill that allows the department to co-ordinate the enforcement of all existing legislation.

I recognize, as I said in my opening speech, that intervention in the marketplace will be necessary. I think that I understand the nature of the large corporation and its dominant position in the marketplace. Historically, the legal corporation was given certain privileges under our statutes and common law. The concept of "limited liability" was an important economic innovation which galvanized fresh captial to take risks and embark on bold business adventures. The corporate veil became real in law and in fact. The inner workings of the corporation were hidden from public scrutiny and a wall of protection was built around the promoters and the

managers of our corporations. But the nature of the corporation has changed. There is now a separation between ownership and control, shareholders becoming more diverse. I believe the hon. member for York East (Mr. Otto) recited that fact. I believe it is clear that the average shareholder in Canada holds shares in any company for less than six months.

The average shareholder becomes a shareholder in transit; the real people over whom supervision is required are not the traditional owners of a corporation but those who manage it and control it, those whom Anthony Sampson referred as the paraproprietors.

The dramatic separation of control from ownership has changed the ground rules. We must adjust our vocabulary to the new circumstances. We must now pierce the corporate curtain and look behind it. The investing public must be properly formed and management made subject to reasonable guide lines. This department will intervene against the overwhelming market power of the corporation; it will penetrate the corporate veil. I wish to say that the department will pursue these aims with vigour.

I know that hon. members have read the recent report of the Director of Investigation and Research of the Combines branch. I admit that current legislation is somewhat inadequate. It is being reviewed by the Economic Council of Canada.

I wish to see jurisdiction extended into the service industries I wish to see a test made of the trade and commerce clause of the bill, so that we could use a civil solution as well as criminal remedies and not be restricted to the severe burden of truth enforced on us by the criminal law.

The merger sections are inadequate, as are those dealing with restrictive trade, and so on. As I said, the department does intend to enter the market with respect to fraud, deception, safety, conflict of interest situations, whether those might be between auditors, lawyers, trustees or others, and we shall act with respect to disclosure, insider trading, and so on.

The final argument, aside from the general one to do with costs of living, was the one raised by the New Democratic party about the prices review board. We were accused of drafting legislation that had no teeth; I deny that. I say to the leader of the N.D.P. that the prices review board would have no teeth in it. He as much as admitted this. He admitted that prices would be reviewed by the board, but that the board would have no power to enforce its decisions. Its authority would be limited under federal jurisdiction, and he knew that. That is why he suggested, as a second step, concurrent provincial legislation.

I say to him that here we see a suggestion without teeth; here is a suggestion that is cumbersome. I wonder whether the hon. member has contemplated reviewing costs as well as wages; I wonder whether he has checked his idea with the labour movement? I believe that his proposal would, from the beginning, lack constitutional jurisdiction to back it.

I should like to deal with the cost of living and the role of the new department. Specifically I wish to deal with the question of prices which was of much concern not only to the opposition but to members on the government side also. I do not think there is anyone here who, knowing that others suffer under the burden of the increasing cost of living, is unaware of the extent of that burden. In this regard I think I speak for everyone in this house. Everyone in this house is concerned with rising prices and I suggest that it is irresponsible for the opposition to suggest that our attention is not seriously focussed on the problem.

• (4:40 p.m.)

Let me remind the house of some important facts which so far have been ignored by the opposition in its discussion of prices. Price movement is due to complex factors, many of which are beyond the control of the federal government. Some of them are beyond the control of the Canadian people generally. For example, international economic developments make a significant impact on prices; they are of severe consequence to us when one quarter of every dollar we earn is dependent on foreign trade. Spending both in the private sector and by provincial and municipal governments has also contributed to the very severe demand curve. We are also caught in a dilemma shared by every western government: full employment naturally means an upward pressure on prices and costs. We in this government have embarked on a policy of full employment, and this involves, as a corollary, risk to the stability of the cost of living. To quote from the third report of the economic council:

> The most pervasive and recurrent goal conflict of modern industrial economies has proven to be that between full employment and reasonable stability of prices.

To meet these problems the government has used a careful orchestration of fiscal and

monetary policy. We have also attacked one of the basic causes of inflation, limited productivity, since increased productivity is the major means of escaping from rising prices.

Let me describe more fully the role of the new department. First of all, as I have said before in this house, the basic responsibility for any direct control of prices resides constitutionally with the provinces. This is not an escape valve; it happens to be a constitutional fact. This does not mean—and if I have given hon. members a wrong impression I will try to correct it, now—that the new department will not have a role. Hon. members know very well that in this department we are not responsible for the major instruments of fiscal policy which influence the general level of prices. However, as I made clear in my presentation, it is our intention to use the instruments we have wherever those instruments can be applied.

What are they? They include the use of the Combines Investigation Act and government machinery as a means of ensuring competition and fair trade. If the hon. member for Burnaby-Coquitlam (Mr. Douglas) would read The Industrial State by John Galbraith more closely he would realize that Galbraith recognizes that the market relationship is still an important factor and that competition can be preserved or restored, through effective action against monopoly, to guard against excessive and artificial prices which exploit the consumer.

And where that exists, and where there are companies in a dominant position in any particular industry, and where that dominant position reaches a point at which prices may be influenced by one side of the market alone, or where a company may by its very size and dominance influence not only the price but the base of demand, and when that dominant position is reinforced by advertising so as to bring about almost a monopoly position, we shall be interested, we shall investigate, we shall act.

The hon. member for Yukon (Mr. Nielsen) said that as far as he was concerned the existence of monopolies was a major cause of the rise in prices. I would be very glad to receive evidence of this from the hon. member; I am sure he would not say such a thing unless he did have evidence. I can tell him we would be glad to investigate any case of collusion or monopoly to which he can point specifically. If no evidence is available, I hope he will not accuse me of restricting the imaginative quality of his speech by drawing attention to a few facts. I am making no defence of the retail trade, but as a matter of fact, during the past five years—and I am quoting now from a report of the Dominion Bureau of Statistics which appeared in the *Globe and Mail* of October 19—the profit margin of the retail trade has fallen from 1.3 per cent to .8 per cent.

The facts seem to demonstrate against the hon. member's argument. However, as I say, if he has the evidence, let him present it to us or to the Director of Investigation and Research, and we shall look into it. I would point out, also, that we are strengthening the enforcement of anti-combines legislation, we are asking for bigger fines and we have asked the economic council to advise us on the modernization of the Combines Investigation Act so that it can be made even more effective.

In the second place, a primary reason in favour of the creation of a new department was the need to create a central body to examine and analyse selected areas of federal activities which can influence prices, and to take remedial action. There must be a ministry responsible for this function and it will be our purpose to seek out ways and means, other than those in the fiscal and monetary realm, by which the federal government can assist in the maintenance of price stability and in the reduction of prices. Our proposed legislation on drugs is an example of the way in which we can modify laws in order to help bring about lower prices. The hon. member for Simcoe East (Mr. Rynard) asked about our intention with respect to drugs. All I can say is that we shall shortly introduce a bill to amend the legislation governing patents and trademarks.

The new department will also undertake investigation and research designed to produce information which will assist consumers to avoid excessive prices and to get the best value for their money. This is all the more necessary in the face of the confusion caused by the variety and complexity of consumer goods now being offered. Should it be felt that any particular study is required the government can of course, make use of its power under the Inquiries Act to get to the root of the problem.

For example, my department is already examining a problem in connection with hearing aids, a number of allegations having been made that these appliances were being sold at excessive prices. I believe we can assist consumers by advising them how to avoid areas of exploitation and by seeking, upon

our own authority and that of the provinces, to limit the extent of the exploitation. We shall consider what further powers may be necessary in order that the new department may become a vehicle for planning new legislation and developing better ways and means of providing for the protection of the consumer. We want facts before action. Before we put words on to the books of the House of Commons we want to know what the facts are and whether the proposals made will work. The enabling legislation before the house at the moment gives me and the government scope within which to move. We need a structure and organization capable of conducting a thorough investigation of new requirements and planning for the future. I expect to be back in this chamber on more than one occasion seeking approval for measures which will benefit the consumer, but I cannot and will not do this before I find out what the most effective solutions are likely to be.

The economic council has, for example, referred to the department the question of deceptive trade practices, with the suggestion that legislation might be needed to deal with them. This question has already been placed in the hands of an interdepartmental committee under the chairmanship of the deputy minister, and when the findings of the committee are available we shall take whatever action is indicated.

• (4:50 p.m.)

We will also be working on ways to improve the measurement and analysis of consumer prices and we will be working with the Dominion Bureau of Statistics to try to develop more sophisticated statistics for the use of government, and clearer methods of presenting these to the Canadian people. The economic council has stressed the need to have price statistics and information that can be translated into meaningful terms for the consumer for use in planning his or her purchases.

These, sir, are examples of the ways the new department is prepared to deal with those aspects of the question of prices which fall within our powers and responsibilities under this statute, and which fall within the constitutional limits of the federal authority. This is a first step. It is a beginning in what is going to be a very complicated process, but the establishment of this new department is not the only step.

Given the time and the co-operation of this house—and I have said every member of parliament is an advocate for the consumer—if the house believes that I will merit its support, we will be able to make a contribution and provide assistance in the total involvement of this government on the problem of prices. But let us not fall into the serious mistake, a mistake certain members of the opposition have made, either deliberately or because they have not taken in the full scope of the bill, of assuming that prices are the only consumer problem. I was grateful to the hon. member for Vancouver-Kingsway (Mrs. MacInnis) for pointing that out in her speech this afternoon.

Of course prices are important. Of course they are foremost in the minds of the consumers, but they are not the only concern of the consumers. In passing may I say I rather doubt the accuracy of the percentages quoted in the Gallup poll because these things depend on how a question is asked. We are talking in this bill about dealing with issues relating to quality, standards, measures, safety and a host of special problems which inhibit and limit the full exercise of consumer opportunity.

We will want to look at the problem of inflammable fabrics, safety measures, the quality of children's clothing, the special needs of those who suffer from allergies, misleading packaging and excessive credit practices. These are bread and butter issues. But they are issues which the opposition, in their haste to find fault with the government, ignored in the full range of consumer interest. I refer hon. members to the resolutions passed by the Consumer Association of Canada relating to false advertising, poisoning from children's drugs, food grades and standards of labelling on food containers, frozen foods, canned juices, inflammable fabrics and a host of other commodities.

There is a wide range of issues concerning the Canadian consumer and it is the intention of this new department to deal with as many of them as is humanly possible. Finally let me say that this new department dealing with the consumer—and this is something I said when I opened the debate—will have no magical, instant solutions and panaceas. It will not offer any panacea such as the opposition suggested I should be able or prepared to do. It cannot do this because there is nothing simple or easy about the economy we live in or the issues we face.

I would be doing a disservice to this house, and through it to the people of Canada, if I were to promise pie in the sky solutions, easy

as this would be to do. But I can promise that the efforts of this new department will be devoted toward the interests of the Canadian consumer, just as the interest of the entire government is based on finding practical workable solutions to the general problem of the cost of living. I believe the establishment of this department is a positive step on behalf of the consumers of this nation, and on this basis I ask the support of hon. members for it.

Motion agreed to and bill read the second time.

Mr. Speaker: Is it the wish of the house that we now proceed to private members hour?

Some hon. Members: Agreed.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private members business as listed on today's order paper, namely, public bills and private bills.

Mr. Starr: Mr. Speaker, I think there is agreement by the government and by the spokesmen of other parties with whom I have consulted to consider the passage of Bill No. C-159 and Bill No. C-165, which are items Nos. 138 and 141 under the heading Public Bills.

ELECTORAL BOUNDARIES READJUSTMENT ACT

PROVISION FOR CHANGES IN NAME OF NEW RIDING OF PEEL-DUFFERIN

Mr. Reynold Rapp (for Mr. Madill), moved the second reading of Bill No. C-159, respecting the Electoral Boundaries Readjustment Act.

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

PROVISION FOR CHANGE IN NAME OF NEW RIDING OF OSHAWA

Hon. Michael Starr (Leader of the Opposition) moved the second reading of Bill No. C-165, to amend the Electoral Boundaries Readjustment Act.

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

• (5:00 p.m.)

CANADA LABOUR (STANDARDS) CODE AMENDMENT

PROVISION FOR THREE WEEKS ANNUAL VACATION

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. C-8, to amend the Canada Labour (Standards) Code (Three weeks annual vacation after three years).

He said: Mr. Speaker, if you had not called on me, I think I would have taken my cue from what happened a few moments ago and said nothing. Apparently it is possible to have bills passed if one remains in his seat and avoids making a speech. Do I have unanimous consent, Mr. Speaker, to say nothing and get this bill through?

An hon. Member: No; we like to hear you.

Mr. Knowles: Mr. Speaker, since there is not unanimous consent that my bill be put through all stages, as has been the case in respect of the two previous bills, I should like to suggest a compromise. I would be quite happy if the house would give second reading to this bill, whereupon I would be pleased to move that it be referred to the standing committee on labour and employment so that its details could be studied by the members of that committee.

Mr. Byrne: They are well known.

Mr. Knowles: The hon. member for Kootenay East (Mr. Byrne) says that the details of the bill are well known. I trust that he, as a well known labour man, will support the principle and details of this bill.

In this centennial year there have been a great many speeches in which the speakers have been looking back over the last 100 years. It also has been a popular theme to look forward into the next 100 years. I have read with interest some of the speeches made by the Prime Minister (Mr. Pearson) and other cabinet ministers. I read with interest one made by the Minister of Finance (Mr. Sharp) some time ago. Most of those who forecast the future see tremendous improvements taking place. One of the areas in which improvement has been forecast is with respect to the amount of time that people will have to spend at work earning their income. We all agree that there will be, in the future, much more free time than we now have.

It seems to me that the time to extend the periods of holidays and other provisions for our workers is not when we get around to our second centennial but right now. It is in this vein that I bring to the house once again this bill which would amend the Canada Labour (Standards) Code with regard to the provision for annual holidays with pay. At the present time the Canada Labour (Standards) Code provides an annual holiday of two weeks with pay to every employee who has been with the same employer for at least one full year. I need not go into the history of the legislation now in effect, the number of years it took to get it started, or the provisions of the first bill that was passed. The point I wish to make now is that it seems to me the time has come to start improving on this provision.

This bill proposes that the law remain as it is with respect to those who have worked for only one year for the same employer, but that in the case of those who have been with the same employer for three years or more, their annual holidays should be three weeks with pay. That is all there is to the bill. I am sure no one really is opposed to it. I am sure also that the only improvement anyone would like to make to the bill would be to extend the holidays still further after five years of employment. But surely, in 1967, no one is opposed to the idea of workers, after having worked for three years with the same employer, having three weeks annual holidays with pay.

I trust, therefore, that the house will give second reading to this bill this afternoon.

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, as the hon. member for Winnipeg North Centre (Mr. Knowles) has stated the purpose of this bill is to amend the Canada Labour (Standards) Code so that employees, after they have been employed by the same employer for a period of three years or more will be granted three weeks vacation with pay. The hon. member suggested that perhaps he should not have spoken at all and that the house should have agreed unanimously to deal with his bill in the manner in which it dealt with the two previous bills, and then send it to the committee immediately. This of course is an interesting proposal. If I could get the same type of agreement from the hon. member and others in his group to treat some of my private bills in the same way, I am sure I would listen to his proposal with a great deal more interest.

[Mr. Knowles.]

Mr. Knowles: Are those private bills really your bills?

Mr. Basford: I am the sponsor of them.

Mr. Knowles: There is quite a difference.

An hon. Member: Is this one really yours?

Mr. Basford: If the hon. member and members of his group, as I have said, would agree to give second reading to some of the private bills which I sponsor, I would certainly be more interested in his proposal of this afternoon.

There is, of course, behind this bill the desire of the hon. member, which we have seen exhibited constantly in this house by him and members of his party, to clothe themselves in a great cloak of being the only group in the house which is concerned with the working people in this country, and the only group which is interested in protecting these people. This of course, as you undoubtedly are well aware, Mr. Speaker, and as I think the vast majority of the people in this country are aware, is indeed a false image. The hon. member and other members of his group have worked very hard to create this image.

However, when one looks at the election results it becomes evident that they have not been successful in putting this image across to the people of Canada. When one examines the history and record of the legislation passed in this country, he will see very clearly that the group in this house, which has taken the responsibility of introducing and passing measures which protect the people in our society who need protection, is the party which sits on this side of the house, the party of which I have the honour to be a member. The records will show, if one examines them closely, that it is this party and not the party of the hon. member down in the far corner of the house which has put on the statute books practically every social security measure we have in this country.

Mr. Knowles: After we have pioneered them.

Mr. Basford: We hear this from them all the time. They claim we are contantly stealing their ideas and putting them on the statute books. Let us look at that charge, and the latest examples of this. For the past two days we have been debating, and this afternoon obtained second reading of the bill to establish a department of corporate and consumer affairs. Hon. members of the N.D.P. have

been hard at work for three days claiming that this was their idea and that we stole it from them.

• (5:10 p.m.)

Mr. Knowles: Wasn't it?

Mr. Basford: No, it was not, and I was rather shocked by their claim. In fact, the other day the hon. member for New Westminster (Mr. Mather) made this claim. I pointed out to him that the idea was not theirs but one that had been brought forward by that great organization, the Consumers Association of Canada. They brought this idea forward and it is their idea which is now in process of being put on the statute books of Canada. The same hon. member for New Westminster suggested that all the members of the Consumers Association of Canada were members of the New Democratic party. I thought this was a great slander against that organization.

Mr. Mather: Mr. Speaker, I rise on a point of order. I am sure my hon. friend does not want to leave on the record a wrong impression of what I said. I said that a great number of the supporters and members of this organization were supporters of the New Democratic party, and that very likely the idea of a consumers affairs department came simultaneously to this party and the organization. While I am on my feet I should like to pay tribute to this association for being such a very fine organization.

Mr. Basford: On the point of order, Mr. Speaker, perhaps I should say the point is well taken. The hon. member did not claim that all of the association's members were members of the N.D.P. There are many members of that organization who are very intelligent and would not be interested in being members of that party. I know of many who are members of the Liberal party.

Mr. Knowles: There would have to be some who are not so smart.

Mr. Basford: If I interpreted the hon. member incorrectly I sincerely apologize.

In dealing with the matter now before the house let me suggest that the introduction of this bill is a designed move by the hon. member and other members of his party to create the impression that they are the only people who are concerned about Canadians in this country who need protection. The history of this country will illustrate very clearly to anyone who wants to examine it that it is this party which has put on the statute books the important pieces of social legislation which now exist. Let me list some of them for you.

Under this government we adopted legislation including the old age pension, family allowances, national hospital insurance and veterans pensions. In regard to veterans I think we have a very impressive record in relation to our treatment of veterans, following world war II.

During this parliament we have adopted the Canada Pension Plan, the Canada Assistance Plan, the university loans program, educational allowances, which came into operation April 1 of this year, improvements to the ARDA program, national medicare, which is to come into effect next July 1, the guaranteed income supplement program enacted last year and, of course, in this particular field the Canada Labour (Standards) Code. All these measures were enacted, not by the N.D.P. or the hon. member for Winnipeg North Centre (Mr. Knowles), but by the government and party on this side.

Mr. Knowles: Would the hon. member permit a question? Does he know who presented the first bills in this house calling for vacations with pay, and the number of years I had to present them before the present government brought in its legislation?

Mr. Basford: I think we had some labour standards legislation on the statute books of Canada before the hon. member was a member of this house.

Mr. Knowles: You did no such thing; that is not true.

Mr. Basford: Last year we adopted the Canada Labour (Standards) Code establishing standards for those industries under federal jurisdiction, such as railways, banks, telegraph lines, the marine industry, interprovincial trucking and so on. This code established basic working conditions and assured each employee in this class of federal work two weeks vacation with pay, a 40 hour week at a minimum of $1.25 per hour and eight statutory holidays. When we passed that legislation we discovered a peculiar situation.

I come from the province of British Columbia where the hon. member's party is very active. In that province it has been held out to us by members of the N.D.P. that the people of British Columbia should take note of what is happening in Saskatchewan, because that is a land of milk and honey, or was such under the leadership of the present hon. member for Burnaby-Coquitlam (Mr.

Douglas). When we were dealing with the Canada Labour (Standards) Code in this house we found that our minimum wage under that code was far in advance of any minimum wage provided in Saskatchewan. The minimum wage there is $1 per hour. That is the situation following 20 years of government by the C.C.F. or N.D.P. Rather than look at the image the hon. member and his colleagues try to create I suggest we look at the record, and the only record we can look at is that of the Saskatchewan government for 20 years.

Miss LaMarsh: Twenty dismal years.

Mr. Basford: My thanks to the Secretary of State for her always worth-while interjections. If we look at the minimum wage requirements in Saskatchewan we see that they are very inferior to the standards established for federal industry by this Liberal government.

The bill proposed by the hon. member suggests three weeks holiday with pay. Let me suggest that if the hon. member and his colleagues ever came into office these people would not have three weeks holiday per year: They would have 52 weeks without pay, because they would be unemployed. If the hon. member and his colleagues ever came into power there would be a tremendous lack of confidence in the country.

Mr. Smallwood: That is what happened in Saskatchewan.

Mr. Basford: As I say, we should look at the record, and it shows exactly what happened in Saskatchewan. In that province there was a state of economic stagnation for 20 years. The potash in that province remained unused. Oil exploration came to an end during this 20 year period. The great northern woods of Saskatchewan remained unused, in spite of the fact there was a potentially great forestry and lumbering operation to be developed.

After a period of 20 years the people of Saskatchewan got smart and changed the government. We have now witnessed the development of the potash resource and a tremendous increase in employment. The MacMillan-Bloedel company has moved into northern Saskatchewan and developed a viable and growing lumber industry. Oil exploration is again taking place.

During the 20 year period of social government in Saskatchewan the population declined. Every other province and major city in the country grew, prospered and developed during this same period. The people in Saskatchewan began to leave that province and move to the provinces of British Columbia, Alberta and Ontario to find work.

The Acting Speaker (Mr. Tardif): Order, please. I regret to interrupt the hon. member but I presume he has not read the bill lately. I am afraid he is slightly out of order. The bill requires that there be three weeks paid vacations for Canadian workers.

• (5:20 p.m.)

Mr. Deachman: On a point of order, Mr. Speaker. I think the hon. member's comments are well related to the economic conditions of the times and I think there should be scope for discussion of the economic conditions under which the three weeks paid holidays may be granted to the working people.

The Acting Speaker (Mr. Tardif): I thank the hon. member kindly for his intervention. The only problem is that it is the Chair who makes the decision and my decision is that the hon. gentleman should confine his remarks to the subject matter of the bill.

Mr. Basford: I appreciate very much the fact that Your Honour brought my attention to the rules of the house. Knowing Your Honour's great knowledge of the rules I bow with deference to the ruling and I do want to discuss the bill in detail. However, Your Honour realizes that I did want to discuss the bill and its provisions in the general economic setting of the country, and of Saskatchewan in particular which, the hon. member tells us, is such a good example.

One of the matters in relation to this bill which the hon. member did not discuss, and which I think should be discussed today and gone into carefully by the committee which will study it, is the additional cost which the industries would have to incur under this bill. For the last three days we have discussed the rising cost of living, which is a matter of great concern to all of us in the house and to all Canadians, and yet not one word was uttered by the hon. member sponsoring the bill as to what effect if any his proposal would have on the cost of living. In the committee on consumer credit and prices we found that the rising cost of living had the greatest impact on those whom we could call the economically weak and economically disorganized, such as old age pensioners, the

disabled, the blind and the unemployed. Those are people who do not have strong organizations speaking for them. In spite of the fact that there is a rising cost of living in the country we see the hon. member rushing to the defence, not of the economically weak or the economically disadvantaged but of the very well organized and economically strong people in this country.

Under this bill we would provide minimum working conditions in industries such as the railways, shipping, marine business, telegraphs, air transport, interprovincial trucking and pipe lines. It is in these industries that trade unions have been organized for a longer time than in any other industry in Canada. These industries have strong and active unions, well able to look after the interests of their members and to negotiate and bargain for proper working conditions which we all want to see. On the one hand we see people adversely affected by the cost of living, such as the pensioners, the disabled and those on fixed incomes, and on the other hand we see the hon. member not paying any attention to them but rushing into the house to defend people who have the best organized trade unions working on their behalf.

Mr. Knowles: Was it getting married that confused the hon. member?

Mr. Basford: We heard nothing from the hon. member about the effect which this bill would have on the cost of living. I know that he and members of his party have often put forward unique proposals whereby the cost of producing goods and their transportation is somehow or other not reflected in their price. This is a false premise, since we all know that the cost of producing goods is included in the price of the goods which the consumer is paying. Under this bill we would impose upon industries under federal jurisdiction an additional three weeks paid vacation, and yet the hon. member makes no reference to the effect which this would have on the cost of living.

Mr. Mather: I wonder if the hon. member would permit a question? Before he concludes his remarks would he undertake to tell the house whether he is for or against the bill before us?

Mr. Basford: I will be delighted to do so at the appropriate time in my speech. This is a bill to amend the Canada Labour (Standards) Code. It seems to me that one of the important considerations which the hon. member did not take into account is the fact that we live in a country where most of us firmly believe in the present system of free collective bargaining. In considering any amendments to the Canada Labour (Standards) Code account must be taken of what should be done to establish minimum statutory standards, and what are the conditions which should be left to the process of free collective bargaining. The best judges of how the total wage package should be distributed in terms of benefits should be the trade union organizers, the members of the union and the union economists. They are the best judges of the necessity for wage increases, paid holidays, an increased number of statutory holidays, a better health or pension plan or other benefits for which to fight and bargain. This is undoubtedly the best system, and we as legislators and parliamentarians should establish by way of our minimum labour standards legislation decent working conditions. We should then allow the other benefits and conditions to be determined through the process of free collective bargaining, in which we all believe.

Statistics will indicate that in many cases, through the process of collective bargaining, unions have chosen to seek benefits other than the three weeks paid vacations. This bill is far ahead of the present practice in the federal industries and in industry generally. The 1965 working conditions survey reported in the Canadian Department of Labour publication "Working Conditions in Canadian Industry, 1965" that for all employees surveyed, and this amounted to more than 2.5 million, only 27 per cent of those working in establishments were granted a three week vacation after less than ten years service. It is clear that, while most establishments give three weeks vacation or more to long service employees, the length of service required is far in advance of three years.

Hon. members will see that since only 27 per cent of all industries grant three weeks vacations after less than ten years of service, the focus of collective bargaining activity has been on conditions which the members of unions regard as more important than three weeks paid vacation after three years.

The Acting Speaker (Mr. Tardif): I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Basford: Mr. Speaker, I was interrupted several times by some hon. members of the New Democratic party and I agreed to

answer their questions which, under the rules, I did not have to do. May I suggest, Mr. Speaker, that I should be allowed more time?

The Acting Speaker (Mr. Tardif): The hon. member was compensated for that time, as I carefully noted the time when questions were being asked.

• (5:30 p.m.)

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I say that I was most surprised at the attitude taken by the hon. member for Vancouver-Burrard (Mr. Basford) when he rose to speak on the bill now before the house. In speaking on the principle of the bill the hon. member did not start by saying he will consider it on the basis of what is in it, but he said that he would co-operate with us if we would co-operate with him on his bills. What an extraordinary attitude and approach in discussing business before the house. If that is the attitude of the minister, then may I tell him that no member has ever had greater co-operation from this group than he has. Recognizing the situation and the circumstances, we have unanimously agreed not to raise any objection to Major General Pearkes continuing as lieutenant governor of British Columbia, until there is an election to give him an opportunity to go to the other place.

The Acting Speaker (Mr. Tardif): Order, please. I wonder if the hon. gentleman has read the bill?

Mr. Winch: Yes, I certainly did.

The Acting Speaker (Mr. Tardif): I regret to have to interrupt the hon. member, but I feel that I should read to him the explanatory note to the bill:

> The purpose of this bill is to improve the annual vacation provision of the Canada Labour (Standards) Code by providing three weeks annual vacation with pay after three years of employment with the same employer.

Mr. Winch: Yes, Mr. Speaker, I certainly know that. However, with all respect, I find it a little bit strange that the hon. member for Vancouver-Burrard can be given 15 minutes in which to make charges and cast aspersions against this group, yet I am not allowed two or three minutes to tell him what nonsense he is speaking and what misinformation he is giving to this house. Surely, I was doing the right thing, the honest and fair thing, in just asking, not for the same privilege but only a percentage of the privilege that was given to the hon. member.

However, sir, in discussing—

Mr. Basford: I rise on a question of privilege, Mr. Speaker. I believe there is a question of privilege involving myself when it is suggested that the possible extension of the appointment of the lieutenant governor of British Columbia may in some way be related to my political future. If that is what the hon. member is saying, I think in fairness to a man who has done a fantastically great job as lieutenant governor of British Columbia, the hon. member should withdraw any such implication.

Mr. Winch: Mr. Speaker, that was the contention that appeared in the press. May I just say, sir, it is rather remarkable how thin-skinned our hon. friend is.

An hon. Member: Who is crying now?

Mr. Winch: It is all right for the hon. member to say anything he wants about the N.D.P., but no one should say anything about him. Is there not something called a quid pro quo?

One of the reasons advanced by the hon. member for Vancouver-Burrard in his opposition to the principle of this bill, was the fact that thousands of people had left the province of Saskatchewan. Why did he not point out also that 100,000 have left the maritimes under Liberal and Conservative governments? But no, that was not mentioned at all.

Let us look at this bill. It makes provision for three weeks holiday with pay if a person has worked for the same employer for a period of three years. I have been in the trade union movement since 1924, and I have sat on conciliation and arbitration boards many times in past years. Trade unions often negotiate holiday periods in their contracts. However, sir, there are more people outside unions than inside, unfortunately.

Over the years, governments have found it necessary to lay down minimum standards in labour codes, one of which has been the minimum amount of holidays with pay. I am going back in memory now, but I believe over 16 years ago legislation in British Columbia made two weeks holidays with pay mandatory. Surely, after 16 years, using that fact as a basis, we have advanced in our economy and our progressive thinking to the

point where that minimum in the legislation should be raised. Certainly, except for the hon. member for Vancouver-Burrard, who is living in the dark ages, we have progressed to the point where federal legislation should provide for three weeks holidays with pay after three years with the same employer.

I feel there is one convincing argument that can be used, and I am going to conclude with this. I say to the hon. member for Vancouver-Burrard that this year he did not object to 11 weeks holidays with pay, having worked for three years for the same employer. Let us have a basic minimum of three weeks holidays in light of the fact he took his holiday without complaint. He is the man who should say to his fellow workers that three weeks is the minimum.

Miss LaMarsh: We never had time to say it.

Mr. Knowles: Question.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is quite obvious from listening to the hon. member for Vancouver East (Mr. Winch) during the two occasions when he has spoken today that he is better informed in the art of wrestling than in the art of economics.

Mr. Douglas: It must be tough to be deficient in both.

Mr. Byrne: In so far as this member is concerned, watching the art of wrestling has never been a pastime so he is definitely ill informed in that art. In so far as economics is concerned, we shall have to leave that to a decision of the house.

Mr. Winch: Mr. Speaker, I was brought to order for not discussing the bill; how about this member?

An hon. Member: Go back to your seat if you want to speak.

Mr. Basford: I rise on a point of order, Mr. Speaker. The rules prohibit a member speaking who is not in his place. Certainly an interjection made by the hon. member for Vancouver East while sitting in the seat of the hon. member for Vancouver-Kingsway (Mrs. MacInnis) is contrary to the rules of this house and that interjection should not be allowed.

Mr. Winch: I know the rules and I apologize to you, Mr. Speaker.

An hon. Member: You cannot speak from there.

Mr. Byrne: There is a rule, but I do not want to go into that matter. The hon. member for Winnipeg North Centre (Mr. Knowles) comes forward with these private bills on an annual basis, one after the other. One bill has to do with hours of work and the other with vacations with pay. He is like all other socialists who seek to tinker with the economy without giving full consideration to how these measures may affect it. I had the pleasure, Mr. Speaker, of visiting a country where socialism has gone full circle. One of the hon. member's colleagues, the hon. member for Nickel Belt (Mr. Fawcett), was with me. We visited that great socialist country, the U.S.S.R., in which all these matters are governed entirely by the state. I wish the hon. member for Winnipeg North Centre (Mr. Knowles) had been with us on that occasion to see for himself just what state enterprise and regulation can do. I think that Canada, indeed the whole North American continent, has the best productive and distributive system in the world, principally because we do not tinker more than is absolutely necessary with the economy.

• (5:40 p.m.)

Later in my remarks I am going to refer to the question of economics and how labour costs and other costs enter into the question of the cost of living, the cost of housing and so on. However, in the meantime I have a few statistics, or rather copious notes, if you will, and I am sure the hon. member will bear with me while I relate some of these figures and comparisons to the provisions of this bill.

The proposed bill would provide for three weeks vacation after three years. This is far in advance of the present practice in federal industries and in industry generally. I am sure the hon. member is aware of the very exhaustive study that was made before the Canada Labour (Standards) Code was introduced. He should also know that in some instances economic considerations in some industries, while not disastrous, were critical. Nevertheless the study was very thorough.

The hon. member said that we should allow this bill to pass without debate. I suggest that a bill which could have a very serious effect on the economies of industries certainly deserves more consideration than that suggested by him.

According to a survey of working conditions which is reported in a Canadian Department of Labour publication, only 11 per cent

of non-office employees in industries under federal jurisdiction in 1964 worked in establishments where three weeks vacation was granted after less than ten years service. Of all employees who were surveyed—and there were more than two and a half million—the proportion working in establishments where a three weeks vacation was granted after less than ten years service was slightly higher than 27 per cent. Three weeks vacation after relatively short periods of service was found to be more common among office workers.

I have some statistics showing various comparisons that I should like to table if the house so wishes. Nevertheless, Mr. Speaker, it is clear that while most establishments do give three weeks vacation or more to long service employees, the length of service required is far in advance of three years.

There is only one province which so far has adopted in its legislation the three weeks standard. The Saskatchewan annual holidays act requires two weeks after one year and three weeks after five years service. Three other provinces require a two-week annual vacation, and one other, Nova Scotia, will require an annual vacation of two weeks after January 1, 1968. Five provinces require one week. Ontario now requires one week for each of the first three years of employment, and two weeks each year thereafter. Newfoundland has not legislated with respect to annual vacations.

Attached to the comparisons, which I should like to table if the house agrees, is a pamphlet relating to labour standards in Canada and providing further information on legislation dealing with annual vacations in Canada. The Canada Labour (Standards) Code went into effect on July 1, 1965. It raised the annual vacation requirements from one to two weeks for employees with one year's service, and at the same time required the granting of eight general holidays with pay throughout the year. These provisions involved a substantial improvement in working conditions for a number of employees who were affected.

A proposition such as the one put forward in Bill No. C-8, which would substantially raise annual vacation standards, could hardly be considered seriously at this time. A three weeks annual vacation is a goal for the future, but I think it is hardly in sight at the moment. In the meantime it seems appropriate to leave to collective bargaining the question of increasing annual vacations along with length of service.

[Mr. Byrne.]

As the hon. member for Vancouver East (Mr. Winch) has said, we have established a basic vacation of two weeks in our labour standards code.

Mr. Basford: Would the hon. gentleman permit a question?

Mr. Byrne: Yes, I would be delighted.

Mr. Basford: The hon. member has referred to the vacation provisions of the Saskatchewan act and regulations, but would he not agree with my submission that, taken as a whole—that is, annual vacation, statutory holidays, wages and overtime provisions —the whole Saskatchewan package of minimum standards is far inferior to the present federal standards?

Mr. Byrne: Mr. Speaker, I had not intended to range quite as far abroad as the hon. member for Vancouver-Burrard in dealing with the specific question of annual vacation. It has been—

Mr. Winch: Might I ask the hon. member a question in view of the previous question. Is it not correct that a man by the name of Thatcher, the leader of the Liberal government of Saskatchewan, has been in office in Saskatchewan for the last three years?

Miss LaMarsh: Your own leader should know that.

Mr. Basford: Mr. Speaker, I rise on a question of privilege. The hon. member's question reflects directly on something that I said and leaves the inference that what I said was wrong. It is well known that Mr. Thatcher has had only two years in which to catch up from 20 years of C.C.F. government.

Mr. Byrne: And, of course, to establish sufficient industries so as to make it worth while having labour legislation in the first place. This was one of the weaknesses of the former administration; there were so few people employed in industry that the question of labour standards was really not an important one.

• (5:50 p.m.)

Before I was interrupted, Mr. Speaker, I was about to say that it is a good question how far legislators should go in establishing minimum standards of working conditions without cutting into the proper field of collective bargaining. I have had some experience in this field, as has the hon. member for

Vancouver East, and I think I can safely say that in my time I have negotiated some of the best union agreements that were negotiated during the early forties. I negotiated a 40-hour week for the mining industry of Canada, contrasted with the 48-hour week that existed previously. But we were dealing with the industry itself, not imposing upon the industry and its employees by way of legislation those things that we believed to be correct. We negotiated and we knew, when negotiating, that the industry was well able to pay. Where employment is stable enough to permit an employee to accumulate several years of continuous service with one employer there seems to be no bar to effective organizing and strong bargaining.

Mr. Knowles: Will the hon. member permit a question. Will he explain why he thinks that two weeks holidays with pay by statute is good, but three weeks holidays with pay by statute is terrible?

Mr. Byrne: If economic conditions and general employment warranted, I should be only too happy to see six weeks holiday with pay. Every member of the house would be happy to see that; that would be four weeks more than most members of parliament take. I am not opposed to one month or to two months holidays with pay.

Mr. Knowles: But the hon. member is opposed to three weeks.

Mr. Byrne: I think the hon. member, in common with others who sit in his corner of the house buries his head in the sand, as do many union leaders. They will not see the relationship between labour costs, the cost of living, the cost of housing, and so on.

An hon. Member: May I ask a question?

Mr. Byrne: If Mr. Speaker will allow me some extra time, I shall not mind.

Mr. Speaker: Is the house prepared to sit after six o'clock to permit the hon. member to continue his speech?

Some hon. Members: No.

Mr. Smallwood: The hon. member for Winnipeg North Centre, the socialist member who is somewhat left of centre, continually introduces bills such as Bill C-8 which provide something at the expense of management and the taxpayers of Canada.

Mr. Byrne: Of course, that is the advantage of not being in office. The hon. member's party has no hope of taking office and as such it need not consider what effect its proposals will have on the economy.

To prove my point that hon. members on the other side of the house bury their heads in the sand and pay no attention to those elements that make up the cost of living, the cost of housing and so on, I wish to read something from a newspaper, *On the Level*, which is a publication aimed at the carpenters of Vancouver. As I said, the name of the paper is, *On the Level*.

Mr. Winch: Do you understand it?

Mr. Byrne: I suppose that is a question of our relative integrity. The hon. member has proven his; I hope to prove mine as the years go on. I have as much experience inside and outside the house as the hon. member has.

The headline of an article on page 4 is, "Increase in Interest Rates Impedes Housing Starts". For the moment let us consider this contention. The increased interest rate, as the Minister of Labour (Mr. Nicholson) has argued, will not impede housing starts but will bring in more money for housing. The argument will not be answered for some months, not until we see how many houses have been started by next spring.

The article goes on to advise the membership of the union to write "to your M.L.A. or M.P." to demand that the interest rate be lowered and that the 11 per cent sales tax be removed. These people have all the answers when it comes to governmental affairs. Yet, in large black letters on a dark background of the same newspaper, we find this announcement:

> Remember the 7½ hour day started October 1, 1967.
> Regular hours:
> Days: 8 a.m. to 4 p.m.
> With half-hour lunch (12 noon to 12:30 p.m.
> A longer lunch period is allowed in camps)
> 2nd and 3rd shifts:
> Each work 6½ hours.
> Wages:
> —$4.14—$4.69.

This is the sort of thing to which I object. It is time that those in all elements of the economy faced the facts of life. Profits are one thing, and the cost of lots is another. Profit may enter into the cost of lots, but included in that cost is also the matter of putting in hydro lines, underground telephone lines, and so on. Many elements enter into the high cost of living and of

housing, and it is unfair to blame one segment of our society for these rising costs. Let us be prepared to face the economic facts of life and to do something about these costs. We need higher productivity. There is no question in my mind that wages and costs are not really important if, in our society, each head of his household receives a fair share of the gross national product, related to the amount of effort that he expends.

Mr. Rapp: Six o'clock.

Mr. Knowles: Is the hon. member for or against the bill?

Mr. Speaker: Order, please. The hour set aside for the consideration of private members business has now expired.

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

HOUSE OF COMMONS

Monday, October 23, 1967

The house met at 2.30 p.m.

FINANCE

LEGISLATION TO RETAIN LIKENESS OF QUEEN ON BILLS AND COINS

Mr. D. W. Groos (Victoria (B.C.)) moved for leave to introduce Bill No. C-169, respecting Canadian dollars and coins (effigy of the sovereign).

Some hon. Members: Explain.

Mr. Groos: Mr. Speaker, the purpose of this bill is twofold; first, to give the members of the House of Commons and, through them, the people of Canada an opportunity to show in a simple, practical way their high regard and affection for the person of the Queen of Canada; and second, to act as a constant reminder of the role of the sovereign, a role which throughout Canadian history has served in large measure to protect the rights, the freedoms and the just aspirations of both founding nations and of all minority groups.

Some hon. Members: Hear, hear.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INDUSTRIAL DEVELOPMENT BANK, PORT ARTHUR-FORT WILLIAM

Question No. 383—**Mr. Andras:**

1. What is the performance of the branch of the Industrial Development Bank at Port Arthur-Fort William, Ontario, relative to the mean average performance of all I.D.B. branches, in terms of (a) number of loan applications received (b) number of loans approved (c) total dollar amount of loans made (d) average dollar amount per loan (e) loan repayment deliquency percentage?

2. Are all requests for I.D.B. financial assistance to the Port Arthur-Fort William branch formally recorded as applications, or are some rejected verbally before reaching that stage and, if the latter, approximately what percentage of such requests are rejected without recorded investigation?

Hon. Mitchell Sharp (Minister of Finance):

1. Data of the kind requested are prepared only for internal management purposes and it is not regarded as desirable that such statistics be made public on a branch basis.

2. It is the policy of the Industrial Development Bank to issue an application form promptly when it appears that a proposal may meet the criteria set forth in section 15(1) of the Act. Completed application forms are the subject of investigation.

Question No. 384—**Mr. Andras:**

What is the average lapse of time between formal application and approval or rejection of loans by the Port Arthur-Fort William branch of the Industrial Development Bank compared to the average for all I.D.B. branches?

Hon. Mitchell Sharp (Minister of Finance): Data of the kind requested are prepared only for internal management purposes and it is not regarded as desirable that such statistics be made public on a branch basis.

SUCCESSION DUTY PAYMENTS ON ANNUITIES BY WIDOWS OF JUDGES

Question No. 391—**Mr. Bell (Carleton):**

1. Has an arrangement been made whereby the estate tax or succession duties attributable to the annuity payable to the widow of a judge or retired judge may be paid out of the consolidated revenue fund subject to reimbursement by instalment deductions from the annuity?

2. If so, what precisely is the nature of the arrangement?

3. Is there any similar arrangement available to the widows of other public servants?

4. If so, to the widows of what classes of public servants?

5. If not, what is the reason?

Hon. Mitchell Sharp (Minister of Finance):

1. Yes.

2. In accordance with the Judges Act (widows' annuities) regulations, passed by order in council P.C. 1967-1261 dated 22nd June 1967; published as SOR/67-326 on pages 1045-1046 of the *Canada Gazette* part II dated July 12, 1967.

3. Yes.

4. Widows of persons who where contributors under the Public Service Superannuation Act.

5. Not applicable.

Questions

CROWN CORPORATIONS UNDER PUBLIC SERVICE ACT

Question No. 392—**Mr. Bell (Carleton):**

1. Since the Public Service Staff Relations Act was proclaimed, have any crown corporations, boards or agencies been excluded from the operations of the Industrial Relations and Disputes Investigation Act and brought under the Public Service Staff Relations Act?

2. If so, what ones?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Yes.

2. The Canadian livestock feed board.

SALARIES OF SENIOR PUBLIC SERVANTS

Question No. 396—**Mr. Allard:**

As of July 1, 1967, what is the annual salary of the following senior public servants: deputy minister, forestry; deputy minister, defence production; government film commissioner, National Film Board; president, St. Lawrence Seaway authority; under secretary of state; dominion statistician; deputy minister, fisheries; associate deputy minister of justice; president, Crown Assets Disposal Corporation?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): As of July 1, 1967, the annual salary of the following public officials was as follows:

Deputy minister of forestry, $26,500; Deputy minister of defence production, $26,500; Government film commissioner, N.F.B., $24,840; President, St. Lawrence Seaway authority, $26,500; Under secretary of state, $26,500; Dominion statistician, $26,500; Deputy minister of fisheries, $26,500; Associate deputy ministers of justice, $26,500; President, Crown Assets Disposal Corporation, $21,600.

DRUG PURCHASES FROM SYNTEX CO. LTD.

Question No. 404—**Mr. Schreyer:**

In each of the last three years, has the government of Canada purchased any drugs or other chemical products from Syntex Company Limited and, if so, for what amount were such purchases made?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Department of Defence Production is concerned:

Year	Estimated expenditure
1964	$ 1,250
1965	6,250
1966	48,064
1967 to date	57,690

[Mr. Sharp.]

In so far as the Department of National Health and Welfare is concerned: 1965, $1,911; 1966, $3,847; 1967, $1,857.

In so far as the Department of Veterans Affairs is concerned: Fiscal year 1964-65, $7,884.46; Fiscal year 1965-66, $16,492.03; Fiscal year 1966-67, 33,745.56.

SALE OF CENTENNIAL COIN SETS

Question No. 431—**Mrs. MacInnis (Vancouver-Kingsway):**

1. Did the Royal Canadian Mint or any other agency of government sell or otherwise make available, in 1967, centennial coins in denominations of $1, 50 cents, 25 cents, 10 cents, and 1 cent, to a coin packaging firm or firms in the United States?

2. If so, what is the name and address of each such firm and the value of such coins sold or made available which each firm received?

3. What percentage of those sold to the United States was returned to Canada in plastic packages for resale?

4. Did the government of Canada authorize the resale in Canada of these coin sets containing $1.91 in face value at a retail price of $5.95?

5. Did the government take steps to provide other outlets where Canadians could buy these centennial coin sets?

6. If so (a) what were they (b) at what price were the sets sold?

Hon. Mitchell Sharp (Minister of Finance):

1. No.

2. N/A.

3. N/A.

4. N/A.

5 and 6. Centennial coin sets as follows were available upon application to the Royal Canadian Mint: (a) Gold presentation coin set—containing $20 gold coin and one each of all the subsidiary coins from one cent to one dollar, enclosed in a special leather presentation case. Orders were accepted from May, 1966 to September 30, 1967, and the price of each set was $40. (b) Silver medallion presentation coin set—containing a sterling silver centennial medallion and one each of all the subsidiary coins from one cent to one dollar, enclosed in a standard leather case. Orders were accepted from July 1966 to September 30, 1967, and the price of each set was $12. (c) Uncirculated coin set (enclosed in pliofilm) containing one each of all the subsidiary coins from one cent to one dollar. Orders were accepted from January 1, 1967 to September 30, 1967, and the price of each set was $4.

POST OFFICES CLOSED

Question No. 440—**Mr. Scott (Victoria (Ont.)):**

How many post offices have been closed, by province, since September 1965?

Hon. Jean-Pierre Côté (Postmaster General):

Province	Revenue post offices	Sub post offices
Newfoundland	20	2
Prince Edward Island	6	
Nova Scotia	55	3
New Brunswick	37	
Quebec	97	30
Ontario	70	31
Manitoba	26	1
Saskatchewan	54	2
Alberta	39	7
British Columbia	29	12
North West Territories	1	
Yukon	1	
Total	435	88

*PURCHASE BY C.B.C. OF FILM ON "DESERTER" PROBLEM

Question No. 464—**Mr. Hamilton:**

For what reason did the C.B.C. decide not to proceed with the purchase of Canadian telecast rights to Mr. Jean Zoller's films dealing with the so-called "deserter" problem?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): I am informed by the C.B.C. that film footage by Mr. Jean Zoller was screened for possible use in an early evening C.B.C. television program. This footage as a whole was not particularly good by C.B.C. standards and was rather expensive in relation to its possible use by the C.B.C.

LANGUAGE QUALIFICATIONS OF IMMIGRANTS

Question No. 467—**Mr. McCleave:**

1. Are immigrants permitted to enter this country without a basic knowledge of English or French?

2. If so, are they encouraged to settle in communities where there are sizeable numbers of people speaking their native language until they learn to adjust?

3. In the case of the Rasanen family which settled in Nova Scotia, did either of the parents have a working knowledge of English or French?

4. Was the family advised by the Department of Manpower and Immigration to locate in areas of Canada where there were people speaking the language of Finland?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. Yes. It has never been Canadian policy to confine immigration to the English and French languages, though knowledge of one or both is a consideration in selection.

2. Not necessarily. Immigrants without English or French have a strong tendency to go initially to areas where their native language is known, and departmental encouragement is not normally required for this purpose. The department tries to advise people where, on the balance of all considerations, they are likely to settle most easily.

3. No.

4. No.

IMPLEMENTATION OF GLASSCO COMMISSION RECOMMENDATIONS

Question No. 468—**Mr. Macquarrie:**

1. How many of the 151 recommendations of the royal commission on government organization described in the Auditor General's report of 1966 as "not yet disposed of" have been implemented?

2. What are the government's intentions with reference to the recommendations not yet implemented?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Fifty seven recommendations of the royal commission on government organization have been approved by the government since the Auditor General's report of 1966.

2. The government is studying a further list and it is expected that more recommendations will be given consideration shortly. It is anticipated that the public accounts committee will be consulted with regard to the balance of these.

MANPOWER AND IMMIGRATION COUNCIL

Question No. 469—**Mr. Orlikow:**

Is the advisory committee which is being set up under Bill C-150, "an act to establish a Canada manpower and immigration council" to have a secretariat staff and budget and, if so, how many people is it proposed to employ in such a secretariat, and what is the proposed budget for the first year?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): The proposed Canada manpower and immigration council and its advisory boards will have a secretariat staff and budget. The same staff will also provide secretariat services for federal-provincial and interdepartmental meetings initiated by the department. The proposed staff is five persons. The proposed total budget is $120,000.

Inquiries of the Ministry

TASK FORCE ON LABOUR RELATIONS

Question No. 472—**Mr. Bell (Carleton):**

1. What progress has been made by the task force on labour relations?
2. Will it submit an interim report?
3. If so, when is such interim report anticipated?
4. When is it anticipated that the task force will conclude its work?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. The task force has well under way the necessary research program and has now received a number of preliminary reports or working papers embodying the results of this research.

2 and 3. The government expects to receive an interim report from the task force before the end of the year.

4. It is expected that the work of the task force will be completed in 1968.

QUESTION PASSED AS ORDER FOR RETURN

COST SHARING PROGRAMS

Question No. 428—**Mr. Davis:**

With regard to federal-provincial cost-sharing programs (a) how many are now in effect (b) what was the federal contribution, in total, and by program, for the fiscal year 1965-66 (c) what was the federal contribution, in total, and by program, in each province, for the fiscal year 1965-66?

Return tabled.

POLLUTION

REQUEST FOR STATEMENT ON POSSIBLE GOVERNMENT ACTION

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister. Yesterday the C.B.C. cancelled its normal program and substituted a program startling and frightening in its revelations, which dealt with the dangers of air pollution. May I ask the Prime Minister to indicate what action the government will take during the present session to deal with the problem which is becoming increasingly urgent?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I shall be glad to look into the question to see whether it will be desirable to make an early statement on the whole subject. As my hon. friend knows, the subject has been referred to during the present session. I shall look into the possibilities of making a more comprehensive statement.

Mr. Starr: A supplementary question, Mr. Speaker. In his statement will the Prime Minister also say what the government intends to do to deal with the increasingly dangerous effects of air, water, chemical and insecticide pollution?

[Mr. Munro.]

Mr. Pearson: Yes, Mr. Speaker, of course, but for any such statement to be effective it will have to deal with the provincial aspect of the matter as well the federal aspect.

Mr. Starr: A further supplementary question, Mr. Speaker. In view of the dangers inherent in this problem, is the Prime Minister willing to take the lead and co-operate with the provinces on these matters.

Mr. Pearson: Yes, Mr. Speaker.

Hon. Alvin Hamilton (Qu'Appelle): A supplementary question, Mr. Speaker. Since at the last two meetings between the legislators of the United States and Canada the subject of pollution was thoroughly discussed, have recommendations which the legislators of the two countries made been brought to the attention of the government or to the attention of the responsible minister?

Mr. Pearson: I shall have to check into that question, Mr. Speaker. Of course, as my hon. friend knows, the subject matter to which my hon. friend has referred has been and is being considered by the International Joint Commission.

Mr. Hamilton: A further supplementary question, Mr. Speaker. Since the discussions between the legislators of both countries went beyond the terms of reference of the International Joint Commission, would the Prime Minister look into the entire question and see which of the recommendations might be implemented?

Mr. Speaker: Order, please. The hon. member is making a representation.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): I have a question for the Minister of Energy, Mines and Resources. In view of the fact that it is a year since the conference on pollution was held in Montreal under the council of resource ministers and since no mention was made of this in the program referred to in earlier questions, can the minister tell us when he can make a definite statement to the house concerning the proposals he intends to put before parliament arising out of the guide lines developed at that conference?

Mr. Speaker: Order. It seems to me the question asked by the hon. member is closely related to one asked earlier this afternoon by the Leader of the Opposition.

POSSIBLE HEALTH HAZARD FROM FERTILIZER PLANT AT DUNNVILLE, ONT.

On the orders of the day:

Mr. Stanley Haidasz (Parkdale): Mr. Speaker, I would like to ask the Minister of National Health and Welfare whether any federal officials are investigating the report of possible health hazards to man and livestock from polluted air caused by a chemical fertilizer plant in the Dunnville area?

Mr. Speaker: Order. I would think this question might be considered when the government's general statement is made on the question of pollution.

NOVA SCOTIA

DISCUSSIONS RESPECTING CONTINUED OPERATION OF STEEL PLANT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to direct a question to the Minister of National Health and Welfare. Has he any information to give the house about the discussions which are going on with Dosco and with Hawker Siddeley? Has the government reached a decision about paying part of the cost of keeping the steel plant at Sydney in operation until a more permanent solution is found? If so, what contribution to this end is the federal government prepared to make?

Hon. A. J. MacEachen (Minister of National Health and Welfare): I have nothing further to report on the discussions which have taken place. I hope that later this week it will be possible for us to discuss this matter with representatives of the provincial government. With reference to the second part of the question, that particular matter is under consideration.

Mr. Douglas: Can the minister tell the house whether the government has information to the effect that Dosco has signed an agreement with a Dutch firm to supply the ingots for their Contrecoeur operation, and is this why the operation at Sydney is being closed?

Mr. MacEachen: I have no information which would support the statement that an agreement has been signed.

Mr. Douglas: Does the minister know whether such an agreement is in the process of negotiation?

Mr. MacEachen: I would have to get more information before I could answer that question categorically.

Inquiries of the Ministry

EXTERNAL AFFAIRS

MIDDLE EAST—ARMS SHIPMENTS TO ARAB NATIONS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I have a question I should like to direct to the Secretary of State for External Affairs. Since all reports indicate that the missiles which sank the Israeli destroyer *Elath* were of the latest Russian design and were fired from a Russian warship recently supplied to the United Arab Republic, can the minister tell us what, if anything, the government is doing in an effort to prevent or dissuade the Soviet union from providing massive shipments of the latest weapons to the Arab states?

Hon. Paul Martin (Secretary of State for External Affairs): I have already indicated the position of the Canadian government in answer to questions by the hon. member on this subject. We ourselves are not supplying arms to this particular area, and we have joined with others who have asked that there be a limitation on the shipment of arms.

Mr. Nesbitt: The minister has made this reply before. I should like to know whether Canada is doing anything more active in an attempt to mobilize support from other countries to persuade the Soviet union not to supply further arms.

Mr. Martin (Essex East): I do not know of any way by which the Canadian government could compel another country to limit its exports of arms to sensitive theatres, but the hon. member may be assured that this is a matter whose seriousness I fully appreciate.

LABOUR CONDITIONS

INQUIRY AS TO ACTION TO MEET UNEMPLOYMENT SITUATION

On the orders of the day:

Hon. George Hees (Northumberland): In view of the reports appearing in Saturday's press indicating, on the basis of figures supplied by the Dominion Bureau of Statistics, that unemployment in this country has increased by 6.8 per cent during the past 12 months, does the government intend to introduce measures in this session of parliament to reverse this trend?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, a great many measures will be introduced this month and in the months ahead to deal with this and other matters.

Inquiries of the Ministry

Mr. Hees: Can the Prime Minister give us some indication of the nature of these measures? This is a very important matter.

Mr. Speaker: Order.

POWER

COLUMBIA RIVER—REQUEST FOR PAYMENT OF INTEREST ON OVERDUE BONUS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Secretary of State for External Affairs, and according to recent reports for internal affairs as well. Has the minister received a telegram from Prime Minister Bennett of British Columbia accusing the federal government of owing the government of British Columbia $12 million since July 1 in respect of the early completion of the Duncan dam, and 6½ per cent interest since that date?

Hon. Paul Martin (Secretary of State for External Affairs): I have received a telegram from Premier Bennett.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I have also been in touch with a spokesman for that administration. The Canadian government, as I said last week, takes the view that the principal payment by the United States must be made as soon as possible, and we share the view that under the terms of the treaty there are interest charges which should be levied and accepted by the authority which has not yet made the principal payment, namely, the United States.

THE CANADIAN ECONOMY

INQUIRY AS TO GOVERNMENT MEASURES TO INCREASE PRODUCTIVITY

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I would like to address a question to the Minister of Finance. In view of the report of the study made by Professor Lithwick of Carleton University, which appeared in Saturday's press, showing that Canada's industrial productivity is 36 per cent below that of the United States, our greatest competitor, does the government intend to introduce measures in this session of parliament to correct this imbalance?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, a very similar question was asked during our last sitting day, and I gave the only answer I am in a position to give at this time.

HOUSING

BRITISH COLUMBIA—FEDERAL APPROVAL OF PUBLIC HOUSING PROJECTS

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I would like to direct a question to the Minister of Labour in his capacity as minister for housing; in his absence perhaps my question may be taken as notice. In view of the fact that the government of British Columbia has now approved the 12 long delayed public housing projects for the city of Vancouver, could the minister say when they will be approved by the federal government?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I would be glad to take that question as notice.

HEALTH AND WELFARE

REPRESENTATIONS RESPECTING CIGARETTE ADVERTISING AND SMOKING EDUCATION

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. Dominion Bureau of Statistics figures indicate an increase in the sale of cigarettes in spite of information available through newspapers and medical journals pointing out the hazard of this habit. In view of the fact that processes have been developed which will remove a great percentage of the harmful ingredients in cigarettes, would the minister refer the whole question to a committee of this house for a thorough study?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, this is a matter which I will consider very carefully.

Hon. Michael Starr (Leader of the Opposition): As a supplementary question, has the minister had time to consider making a statement on this very important subject, something he indicated last week that he would consider doing?

Mr. MacEachen: No, Mr. Speaker. The whole question of the use of cigarettes has been dealt with through an educational campaign carried on by the department. We are aware of the dangers that are associated with

the habit, and we are doing everything possible to educate and advise the Canadian people on the dangers of this habit. To some extent our educational program is having an effect. Whether further steps through the enactment of legislation would be effective is a matter presently under consideration.

INQUIRY AS TO MAINTENANCE OF GRANTS FOR HOSPITAL CONSTRUCTION

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. In the light of the Minister of Finance's stated retrenchment on government expenses, and in the light of similar retrenchment by provincial governments in the field of university financing, would the minister kindly advise the house whether there is exempted from that program of retrenchment the $500 million that was promised as—

Mr. Speaker: Order, please.

Mr. Lambert: —capital assistance for the construction of hospitals?

Mr. Speaker: Order, please.

HOUSE OF COMMONS

INQUIRY AS TO ABSENCE OF MINISTER OF LABOUR

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, my question to the Prime Minister may be a little unusual, but a number of us who have a great many questions in mind would like to know from the Prime Minister what has happened to the Minister of Labour, the minister responsible for reporting to the house on housing. We would like to know why he is not here, and will he return to the house fairly soon?

Mr. Speaker: Order.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would like to answer that question. The minister was advised by his doctor to take two weeks' holiday because of his physical condition. That is the only reason he is not in the house. He was hoping to return today or tomorrow.

Mr. MacInnis (Cape Breton South): The last minister advised by his doctor to stay away was escorting the Shah of Iran around.

Mr. Pearson: I do not think that is a very generous observation.

Mr. MacInnis (Cape Breton South): I think it is.

Mr. Pearson: I only hope my hon. friend continues to enjoy good health.

BRITISH COLUMBIA

REQUEST THAT TERM OF LIEUTENANT GOVERNOR BE EXTENDED

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, while I am on my feet perhaps I may deal with a question raised last Friday in the house about the extension of the term of office of the Lieutenant Governor of British Columbia. I would like to inform the house that at my request Hon. George R. Pearkes, who has served Canada for so many years with honour and distinction, has agreed to remain in office as Lieutenant Governor of British Columbia for the remainder of centennial year and until the spring. General Pearkes had hoped to retire at the end of October and I am most grateful to him for his willingness to serve as the Queen's representative in his province for this longer period.

Some hon. Members: Hear, hear.

LABOUR CONDITIONS

MONTREAL—EXTENSION OF METRO TO AID EMPLOYMENT

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to ask the right hon. Prime Minister whether he is in a position to give me an answer to the question I posed to him last week with regard to the possibility of the federal government giving financial assistance to the city of Montreal or the province of Quebec for the construction of an extension to metro in Montreal.

Right Hon. L. B. Pearson (Prime Minister): Expo?

Mr. Ricard: No; metro.

Mr. Starr: The underground.

Mr. Pearson: I am sorry, Mr. Speaker, but I have not been able to deal with that question. I will try to do so tomorrow.

BUSINESS OF THE HOUSE

INQUIRY AS TO LEGISLATION RESPECTING BIRTH CONTROL AND DIVORCE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct my question to the Prime Minister. Now that the government has placed before parliament its bill regarding capital punishment, will the government shortly be presenting its legislation regarding birth control and divorce?

Right Hon. L. B. Pearson (Prime Minister): I am not able to establish a relationship between the two, Mr. Speaker.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, may I direct a question to the Minister of Public Works. It is asked in an endeavour to flush out birds of all feathers. I should like to ask the minister whether the toilet seat used in the morality play on parliament hill on Saturday, which apparently was endorsed by the leader of the New Democratic party, was government issue.

Mr. Speaker: Order, please.

SUPPLY

Hon. A. J. Benson (Minister of National Revenue and President of the Treasury Board) moved that the house go into committee of supply.

REQUEST FOR POLICY STATEMENT ON NATIONAL RESOURCES

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, under our system the opposition parties are given several opportunities during each session to take the initiative in putting forward matters in respect of which they think the government is at fault, and sometimes make positive suggestions for the government to follow. These are the motions to go into supply which we have been favoured with over the years of this parliament.

On this particular occasion I intend, on behalf of the opposition, to put forward a motion which I believe is constructive and which I think should draw the support of every political party in this house. I do this because this government has been classified as one which proceeds from crisis to crisis. We are in a crisis again, Mr. Speaker. This crisis takes the form of a hearing before the National Energy Board tomorrow in Vancouver without any direction by the government to this institution of the government to protect the national interest in relation to our neighbour to the south.

Therefore, in order to give all parties the opportunity to know the type of material to which I hope the debate will keep I am going to present the motion at the beginning of my address. This will give the parties time to consider what their action will be. I therefore move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That this house is of the opinion that the government should state immediately its policy on national resources and clearly set out its intentions and objectives generally; and particularly with respect to:

(a) A national energy policy, including natural gas, oil, electrical transmission grid and uranium.
(b) A national water policy.
(c) Forestry, agriculture and fisheries policy.
(d) Human resources.

And the extent to which pollution is endangering any or all of these resources.

Mr. Speaker, I am sure the house will admit that this is an all-embracing resource policy. It does omit deliberately two fields which are closely associated with and form part of this policy; one deals with minerals and the other with equity investment. Because these latter two are so closely entwined with the discussion we will be holding next session on the Carter commission report they have been deliberately left out of this motion.

• (3:00 p.m.)

Mr. Speaker: Order, please. I understand that the hon. member is not moving his motion now but simply giving notice of his intention to move the motion at the end of his speech.

Mr. Hamilton: Yes, Mr. Speaker; and to give the various parties an opportunity to see what the motion is.

I mentioned in my opening remarks that the government has tended within the last four years to go from crisis to crisis, and I intend to develop at some length the crisis we are talking about now because there is a clear cut case for a decision here which cannot be left until tomorrow or the next day. This decision must be made immediately.

In respect of some of the policy statements listed in this motion there is an urgency for something to be done as soon as possible. I intend to demonstrate that as a result of studies already completed or in the process of being completed we have enough information to make these policy statements possible. I intend to point out that because of the delay

in making these policy statements we are perhaps unwittingly, though in some cases, I am tempted to say knowingly and deliberately, leaving our country in danger of losing valuable resources, and setting precedents that we will not be able to easily change.

For instance, to show the confusion which exists I should like to read from a newspaper clipping I hold in my hand dated October 18 of last week. This is from the *Globe and Mail* and the headline is "Marchand asks unity to fight U.S. domination." Under a Canadian Press heading the clipping then continues in part as follows:

The power of the U.S. economy weighs on English and French speaking Canadians alike and should be faced by a united Canadian front, manpower minister Jean Marchand said yesterday.

The article continues later as follows:

"But we don't have the $10 billion that could give us, even if we had the talent for it, an equal economy and technology of our own.

What we must do is see things as they are—not tear one another apart but see if we can find a way together. Maybe together we have a chance to do something about it."

Quebec is not alone in the fear of overwhelming U.S. economic domination. He said "The Anglo Canadians have the same problem we do."

I read that statement into the record to indicate the theme of what I am going to say today. We tried last week when this crisis came to a head to find out from the minister responsible what guidance the minister and the government were going to give the National Energy Board now engaged in this confrontation with the federal power commission in Washington. Last October 19 I asked this question in the house:

—my question is addressed to the Minister of Energy, Mines and Resources. In view of the direct challenge by the United States federal power commission to the principals of the National Energy Board Act and the recommendation of the Borden royal commission that we should not subsidize United States consumers of gas at the expense of Canadians, will the government make a statement of policy before the National Energy Board opens hearings next Thursday on the new application of Westcoast Transmission Company for the export of additional natural gas to the United States?

The minister who is supposed to be on top of things in order to help the Canadian people defend their interests made this reply:

Mr. Speaker, I may be wrong but I think the Westcoast case is already before the National Energy Board. However, may I take notice of the question and answer it more properly tomorrow.

The next day passed but there was no statement. Let me go on to say that this warning of what the government is leading us into is not new. If the records of this house over the last four years were searched I am sure you would find that two or three times a year I have asked the government what it was doing about giving some clear direction vis-à-vis the United States and Canada about handling the energy resouces of this continent. I have asked this over and over again but no answer has been given, except that the government will make a statement at some time in the future or it does not think it is ready to make a statement yet, but in every case there has been evasion with no action.

Last year, for example, on June 15, this statement appeared in the Ottawa *Citizen* under the heading "Canada's Resources—Hamilton Seeks Clear Policy To Avoid Trouble". Let me read part of that article in the local newspaper which should be a guide to all members of the government opposite. It states:

Trouble will develop between the National Energy Board of Canada and the U.S. federal power commission unless the government sets out a clear policy on resource development.

Alvin Hamilton, former Conservative agriculture minister, warned Wednesday in the commons.

The MP for Qu'Appelle, Sask., a Conservative leadership candidate and a staunch defender of Canadian autonomy, also called for a policy statement on a national hydro-electric transmission grid.

He said such a grid is "vital to the whole concept of sovereignty and using our energy as a basic part of strengthening our bargaining power in the field of resource use on the continent."

Mr. Hamilton threw a barrage of questions at Energy Minister Pepin as the minister introduced the $142,000,000 spending estimates for the energy, mines and resources department for the 1967-68 fiscal year.

He did not specify in what area he felt trouble might arise between the energy board and power commission but said he had been waiting four years for the government to outline its policy on oil and gas transmission, oil and gas regulations in the north and on the continental shelf, the relationship between atomic electric power and hydro resources and a national water policy which "we desperately need."

I will not read the whole statement. Every time the house rules have given me an opportunity I have tried to let the government know that we expect it to take the lead in defending Canadian interests because of the fact that the two great nations on this continent are struggling for the control and use of the tremendous resources of this country Canada. This struggle can be documented in many ways. There are at least three reports available to the United States government about the necessity of their industrialists and their entrepreneurs gaining access to these resources in Mexico, in Canada and all over

the world. With their industrialists warning their legislators and their administrators of what must be done, surely it is in our interests here in Canada to likewise have some clearcut knowledge of where we are going.

What I have said in a very general way about this question of the need for resource policies for Canada applies in particular to things like the natural gas fields, which I will deal with in a few minutes, and national oil resources. We stated a national oil policy in the house in 1961. We set targets each year until the end of 1963. The industry met those targets on the clearcut principles we established at that time, namely that our producers of oil had the right to efficiency of production equivalent to those of the United States. We were setting out to achieve production to meet not only our demands in Canada but also our exports to the United States, equal to our imports into the Montreal market.

That clearcut statement of government policy achieved almost to a barrel the results that we asked for without any form of harm to the producers in the United States. All this did was give fair play to our producers in Canada and the chance to get equality of opportunity and participation in the development of resources on this continent. We are carrying a load under our national oil policy in respect of importation of oil from Venezuela, as we should as part of the community of world nations with some responsibility to others. We expect the United States to carry part of that load as well at the receiving end in their country in respect of a number of barrels each year equivalent to our importation into Montreal.

New targets have not been set, and I say it is in the interests not only of the producers of oil but of the whole country, and the economy of our nation demands it, that some solution be stated. This can be stated unilaterally. There is no need to do anything more than inform the United States government of what we are doing. These are our resources. That government moves in the interests of their producers and naturally they expect our government to move in the interests of our producers.

• (3:10 p.m.)

At first when this government took over, in 1963-64, there was evidence that it believed along these lines and accepted the position our government had taken in the years from 1957 to 1962. But in the last three years, under pressure from the United States, there has been a complete retreat from these positions. That is why we go from crisis to crisis.

[Mr. Hamilton.]

The crisis we are now in is a clearcut challenge, as I shall demonstrate, to not only the National Energy Board but to the government and the people of Canada by the federal power commission.

I could outline the need for a policy on all these fronts, but do not take my word alone for it. In April, 1966 one of the few Canadians who has been able to survive in the development of oil and gas in our country, Mr. R. A. Brown Jr., president of Home Oil Company urged—and I quote from the *Globe and Mail* of April 26, 1966—that the federal government take another, hard look at our national oil policy. He said he questioned very seriously whether in its present form it was adequate to fill the needs of the Canadian oil industry or the Canadian economy. I could read the whole article.

Other submissions have come to the government and members of the opposition from various sectors of the industry. The *Monetary Times* in September, 1966 repeated this demand. It said we needed a new oil policy in this country. Figures were given to substantiate this statement. But the criteria we laid down in 1961 are not being followed. There is much evidence, going back for years, of the need for a simple statement in this respect. The government does not need to study this question any more because the facts are there in the royal commission report of 1957 and 1958 and in the report of the Borden royal commission.

The minister responsible in those early days, now the Minister of Finance, accepted that report and in a speech praised it as one of the great monuments of the Conservative government. That government laid down the conditions, directions and guide lines, and the Minister of Finance said his government would follow them. Where has all that resolution gone? Just as we have lacked a clearcut national policy in respect of oil, so do we lack such a policy in respect of water, agriculture, forestry, fisheries and even on that vital subject of securities.

Over and over again in the house and in meetings between the legislators of the United States and Canada we have asked the question, what are we going to do about bringing in a rule of law as between the United States institution, the securities exchange commission, and our soon to be established national exchange institution in Canada? We must have some form of direction and rule by which we can handle the joint problems we have with closely associated countries on the issue of securities.

Over and over again no action is taken until we are in a crisis. We had the crisis of last year and the one of the year before dealing with the breakdown of some of our companies in eastern Canada. In respect of a policy for water, agriculture, forestry, fisheries and securities we have the information now, there is no need to delay making these statements.

We do not need definitive statements to the last decimal point. We need statements that will let the various agencies which look after these matters, and the private companies who bargain with each other, know what are the rules of the game. They will follow these rules if they are given direction. Therefore my point in introducing this subject is to make clear the need for immediate statements in respect of these policies. We need to make absolutely clear that we face a crisis in this regard.

I will give some of the details, but before doing so I would say that, speaking now as a politician, the thing that strikes me as completely hopeless about the whole situation is that in the last four years the government has had time to deal with any number of subjects, each one important in itself but not as important as building an economic base on which we can afford all these things.

We have spent hours discussing biculturalism, bilingualism, the constitution, abortion, capital punishment, which was dealt with more than once, and divorce. Elections we have time for. Patronage we have time for. We have time for patronage when people are looking for jobs after they leave a sinking ship. We have spent hours in the house discussing these matters. These subjects are important, but the really important thing in Canada and in any country is to make sure that the economic base is strengthened and expanded. There must be equality of opportunity by regions.

Of course in this whole concept of building the economic strength of Canada the key is energy. This is one thing we have. We have natural gas, oil, uranium and electricity from several sources. We have energy in our tar sands. All these sources of energy, together with coal and of course uranium, are the key to power, economically, for any nation in the future. All I am asking in this motion today is that Liberals as well as the N.D.P., Creditistes and Conservatives forget their partisanship for a moment and simply ask the government to state the obvious.

I intend during these remarks to use as an example in the current crisis what I call the Westcoast Transmission story. Many members of the house may not recall that the discovery of large quantities of petroleum or fossil fuels has come about in the last 20 years in Canada. In order to get sufficient capital to keep the exploration going it is necessary to build pipe lines to carry the results of previous exploration into the homes of consumers. In 1952 a Canadian company, which we will call Westcoast, began to make moves to collect capital in order to build a pipe line from the Peace River area of Alberta and British Columbia, down through the mountains to Vancouver.

In order to make this pipe line economic it was necessary to have some exportation of gas into the United States. Let me read this story to the serious minded members of the house. I take the story from the first report of the royal commission on energy, dated October, 1958. If any person wants to look up the references I shall be quoting from page 14 to page 27 of that report.

Here is the story. This company applied to the federal power commission of the United States for permission to export. In June, 1954 the application to export into the United States was denied by the federal power commission on the grounds that the American federal power commission, representing all the American people, wanted to preserve the security of the American nation by making certain that every part of the United States would be supplied, if at all possible, from American sources of gas rather than from foreign sources.

Here we have an example of an agency of a foreign government protecting the interests of the producers and consumers of their country. I would say in all fairness, as a nationalist myself, that I think this was a legitimate type of thing for the federal power commission to do. In December of 1954 agreement was reached that the company which obtained the licence to distribute gas in this area, and which got a supply up from the San Juan valley in New Mexico, could import a little gas from Canada. This permission was obtained from the F.P.C.

Here is the key fact. This particular company in the United States, knowing that the Canadian company, Westcoast, had to have a certain amount of gas sales beyond its borders to make the pipe line economic and in order that they could borrow the money with which to build the pipe line, put the boots to the Canadian company and said "All we will

offer you for this gas is 22 cents a thousand cubic feet". The price to Canadians on this side of the border was approximately 31 cents. The F.P.C., having the interests of the American people at heart, did not object to the fact that a Canadian company was forced to its knees by an American company because, they said, this was pure business. This Canadian company was desperate and had to accept these terms. The federal power commission did nothing to interfere, but the Canadian people were aware who had been gored. I still say the stand of the federal power commission was fair. The federal power commission did not interfere. It was up to a Canadian institution to see that Canadians were protected, but we did not have a Canadian institution to protect us in 1954.

● (3:20 p.m.)

On October 14, 1957 the new government met and the next day the terms of a royal commission on this subject were announced. In those terms of reference the prime minister of the day asked the royal commission to look into this Westcoast operation as well as the Trans-Canada Pipe Line operation and report as soon as possible. The first report was made public in October, a year later. I should like to quote what the royal commission said about this Canadian company being forced to sell gas to the United States at a lesser price than to Canadians. Listen to this report which was made nearly ten years ago, because Canadian sovereignty is at stake. I am quoting the second recommendation of the royal commission:

> That in exercising such regulatory jurisdiction with respect to Westcoast Transmission Company Limited and its operations, the Board of Transport Commissioners for Canada take into account the prices at which gas is sold by Westcoast Transmission Company Limited in Canada and for export from Canada in order to ensure that the return on the shareholders' investment in Westcoast Transmission Company Limited permitted by the Board of Transport Commissioners shall not result in Canadian consumers of natural gas contributing more than their fair, reasonable and proportionate share of the total return.

This was what the royal commission recommended. This was what a former minister in charge of the National Energy Board, now the Minister of Finance, said he was willing to support when he made a speech to the industry in 1963. We must not ask the consumers in Canada, in Vancouver or the British Columbia area, to subsidize consumers in the United States to enable them to get the basic energy necessary to produce things cheaper and sell those things back to Canadians.

[Mr. Hamilton.]

I should like to quote recommendation No. 3 of the royal commission report:

> That if and when Westcoast Transmission Company Limited, or any affiliated or subsidiary company, makes application to the government of Canada for a licence to export from Canada quantities of gas additional to those included in the existing export licence now held by said company or for any variation in the quantities of natural gas not included in said licence, the government of Canada before approving any such further licence or variation, as above mentioned, ensure that the aggregate of natural gas to be exported by Westcoast Transmission Company Limited, under all outstanding and proposed contracts for the sale of such gas, is being sold at prices which, when averaged, are fair and reasonable after taking into account the price at which natural gas is being sold to Pacific Northwest Pipeline Corporation under its contract with Westcoast Transmission Company Limited, dated December 11, 1954.

The essence of those two recommendations, Mr. Speaker, was that we had been sold down the river because there was no energy board that would stand up and defend Canadian interests; but if any application were made again to any board that board should be directed that Canadians should not subsidize the United States consumer. The new agreement should take into account previous losses and average them out, so that in future Canadians would not have to subsidize the giant industries of the Pacific northwest. This was the recommendation of the royal commission in 1958.

Now I should like to move on to what the government did about it. The second report of the royal commission on energy was submitted in 1959. The government then moved immediately to introduce the National Energy Board bill to set up this agency. I am not going to quote from the debate except for one paragraph from the remarks made by the prime minister of the day, Right Hon. J. G. Diefenbaker. These are the words of the then prime minister enunciating not only to the National Energy Board which was being set up but to all private businesses the terms under which future contracts could be allowed. These words are recorded on pages 4025 and 4026 of *Hansard* for May 26, 1959. I ask you, Mr. Speaker, to assess whether or not this prime minister was defending the interests of Canadians:

> As to the price to be charged for gas and power, it must be just and reasonable in relation to the public interests. With the implementation of this legislation, no longer will there be any suspicion that the Canadian consumer is being forced to subsidize the foreign markets or that Canadian industries will be asked to pay higher prices for their energy than those paid by foreign industries using Canadian energy. That matter is extremely important. In the trade world in which we are

living, with the conflicts that are accelerating from month to month in the communist trade offensive, above everything else it is necessary for us in Canada, if our international trade is to be maintained, to see to it that we shall not be placed in a position where our costs in connection with energy derived from Canada are greater to Canadians than they are to any other nation, however friendly that nation may be.

Here we have a case where the government makes absolutely clear what government policy is. There was an immediate statement so that all Canadians would know, so that big companies bargaining for the control of these resources in Canada would know, how the government felt.

Then you have to ask what happened from then on, and I will be coming to that in a moment. What happened to create this present crisis? What I have just described took place in 1952, 1954, 1957, 1958 and 1959. I am now coming to the year 1966. On November 6, 1966, only a year ago, two large companies El Paso in the United States, which now controls the whole northwestern distribution system, and the Westcoast Transmission Company Limited of Canada hammered out a new agreement. This agreement was freely arrived at between the two competing pipe line companies. They were aware of the royal commission report, and they drafted an agreement which increased the quantity of gas from 300 million cubic feet a day to a total over the life of the contract of 900 million cubic feet a day.

The important thing to note is that they wiped out the old agreement. The price in the new agreement was 27 cents to start with and provided for an annual increment of .225 cents each year for 25 years. This would mean that over the length of the contract the Canadian consumers would be repaid the losses suffered from 1954 to 1966. This contract was approved by our own National Energy Board, obviously having in mind what was in the act and what the royal commission had said. I have to accept the calculations of the board that it did average out in accordance with the recommendation of the royal commission report.

• (3:30 p.m.)

What happened, Mr. Speaker? It was approved by our National Energy Board but it was thrown out by the federal power commission of the United States. An interim agreement was arrived at which would carry over to November 1, 1967, about a week from now, but the major agreement was thrown out, the argument made being that we should continue operation under the old agreement.

We have here the first example of the federal power commission, representing the interests of consumers and producers in the United States, going farther than they went in 1954. In 1952 they were protecting the security of the United States. In 1954 they assented to the agreement without interfering in the matter of price. Even though we were being gored in price there was justice in the agreement at the time. In the new agreement, at the beginning they were still getting gas cheaper than Vancouver, where the price was 27 cents, although over the years the price would average up.

The federal power commission now steps in, Mr. Speaker, and tells us to return to the 22 cents price. Then the Westcoast company made a new offer on the basis of an additional 200 million cubic feet for 20 years, instead of the additional 600 million for 25 years in the first agreement that was arrived at one year ago, but in this second proposal the price was to be 31.33 cents per thousand cubic feet, with a one cent escalation over five years, giving an average price approximately 33 cents per thousand cubic feet over the 20 years. Because I have no way of calculating the averaging I do not know whether the price of 33 cents in the new agreement to supply a smaller amount will balance the losses. I doubt that it will. I do not know the answer to the problem here, but I suggest it is up to the government to find an answer and to see whether or not the second agreement kept to the recommendations to which I have referred.

What has happened to this second offer made by Westcoast Transmission? One month ago the F.P.C. threw it out, suggesting that the 200 million cubic feet be supplied at the price of 29.5 cents. Over the years the price at Vancouver has come down until it is slightly below 30 cents. However, there is no allowance for price escalation.

Now, Mr. Speaker, there is the challenge. The federal power commission is interfering with the prices, which means in essence that they are claiming the right to set gas prices for the United States, for Canada, and I suppose for Mexico as well. They want to control the whole regulatory system of energy prices in North America, not just in the United States.

We have now reached high noon, I suggest. If any of my eastern friends do not understand the significance of the phrase "high noon" they had better watch their television sets a little more. This is the old American west "shoot-out". The bad guy comes into the

street and says "I am ready for anyone". He meets the good guy and the good guy has to decide whether he steps out into the wide street to shoot it out.

These words "high noon" are not my words, Mr. Speaker. I should like to read to the house—indeed I hope to all people in Canada—what one American, one of the commissioners of the federal power commission, said in a minority report. These words "high noon" are the words of a responsible commissioner who is trying to advise the United States government what action it should take. He disagreed with the decision that was handed down last month and had this to say, as reported by the Vancouver *Sun* on September 30:

> The commission ... candidly serves notice upon Canada that its gas will be accepted at the international boundary only if Canadian sellers, whether before the commission or not, adhere to the American regulatory framework.

How do you like those words, Mr. Speaker? We in Canada can sell gas only if we accept direction on the matter of prices by the United States federal power commission. These are the words of a commissioner of the F.P.C. in the United States, not the words of a Canadian. The report I have of his remarks goes on:

> He noted that the N.E.B. "virtually required the Canadian supplier to recoup for the Canadian economy the presumed lost benefits of the 22-cent rate."

Why should not the National Energy Board obey Canadian law and the recommendations of a royal commission? After all, Mr. Speaker, they are there to defend Canadian interests. The report continues:

> Between the Federal Power Commission and the Canadian regulatory counterpart, today's (FPC) opinion says, it is "high noon". The commission apparently expects the Canadian energy board to concede to the federal Power Commission the larger role over border transactions. The premise is that the federal regulators can negotiate a better deal for the United States than Canadian regulators can negotiate for Canada.
>
> This is not the case for such a confrontation ... If security considerations are not present, then our questions about a proposed import ought to start with whether on straight economic considerations the Canadian volumes are cheaper than the best available alternative domestically.

What is the meaning of the last part of that statement, Mr. Speaker? Commissioner Carver of the federal power commission was objecting in his minority report to the majority view of the federal power commission which is trying to take unto itself the right to decide on energy in North America. He is a loyal-thinking American. He knows that if the United States gets into a fight with Canada over energy the United States has no bargaining power. He knows that the United States government has before it three major reports, the most scientific reports they can compile, on the future oil, gas, and energy demands and supplies in the United States. The Paley report of 1952, the Netschert report of 1958 and the Landsberg report of 1963 all pointed out that the year of crisis in the United States for the supply of natural gas is 1970.

As I was saying, Mr. Speaker, the bargaining power in this regard is all on the side of Westcoast Transmission Co. Limited. In the normal course of business the F.P.C. did not interfere in the matter of price in 1954 when the Canadian company was being gored and there was no Canadian body to protect it. But now equality and equity are coming back into the negotiations. The bargaining power is coming over to our side and we now have a National Energy Board to see that Canadian interests are protected.

I repeat that the federal power commission has gone beyond its terms of reference, terms that one would think a nationalist institution of that kind would naturally follow. The United States is now going to have to pay an economic rate, which is just a fraction of a cent different from that at Vancouver, and the federal power commission is going to start a shoot-out.

Put yourself, Mr. Speaker, in the position of the Canadian company which is trying to sell some of the gas reserves that are being developed in the Peace River area. Put yourself in the place of the National Energy Board which has had no direction from the government. Neither the Prime Minister (Mr. Pearson) nor any minister has stood up and stated what the Canadian people believe, and as I say we are now faced with a shoot-out.

I say this because a third proposal is now before the National Energy Board which seeks to retain this new low price of 29.5 cents for the new quantities to be supplied and asks for a continuation of the subsidizing of United States consumers of gas by Canadian consumers under the old agreement, as has been the case for the last 12 years. All of the costs involved in maintaining the pipe line have been paid by Canadians, and we are now being asked to continue this subsidy.

I have not related all of the grim story, Mr. Speaker. In 1954, when it was thought that the Canadian company was doomed because its proposal in the spring had been

turned down for the first time by the federal power commission, the United States company demanded, in addition to greater control over the purchase of a smaller amount of gas, that the Canadian company turn over 50 per cent of the ownership in the company to the United States company. This was not agreed to but the Canadian company did agree to a 25 per cent figure. When the people down there have you at a disadvantage you are apt to feel their boots. I am not suggesting that we ought to retaliate by putting the boots to the people of the United States. I am suggesting that this house should inform the National Energy Board that that board does not stand alone, and that this house is behind them when they walk down that hot, wide and sunny street in Vancouver to face the shooting. Incidentally, I hope it is sunny in Vancouver tomorrow.

• (3:40 p.m.)

I want the headlines in all Vancouver newspapers tomorrow to say that all parties in the House of Commons are united behind the board and that we are all united not only on the criteria set out in the royal commission's report but on the criteria set out in the National Energy Board Act.

When I asked the minister a question about this matter the other day he replied that he was sure the law would be enforced. I am not so sure, Mr. Speaker. Of the last two contracts—and I am not speaking of the one involving the 27 cents starting price—the one where the National Energy Board agreed to 31 cents with the one cent escalating clause over a period of five years was close to the line in not keeping the law. The third agreement, however, breaks the law and goes against the recommendations of the royal commission.

I want the National Energy Board to have the assurance that, regardless of the party that forms the government, any Canadian government intends to back the law of Canada and that we intend to see that Canadian producers and Canadian consumers are treated equitably. That does not harm the citizens of the United States.

May I quote some figures. I think I remember them reasonably accurately. They show how the matter resolves itself into dollars and cents. What do the producers of gas in the San Juan valley get today for their gas? Here I am speaking of the alternative source for California and the northwest. Existing contracts for the New Mexico producers show that some get 45 cents per thousand cubic feet at the well. In addition, there is a charge for shipping to the northwest. How do our producers in the Peace river area of British Columbia and Alberta fare? They get six cents, seven cents or eight cents; that is about their average. Why should we Canadians be asked to subsidize our main competitors in order to allow them to produce cheaper goods? There is no logic to this and any fairminded citizen of the United States knows that there is no logic here. Washington is waiting to see if we will stand up to be counted. Down there they have seen this government in the last few years wilting again and again. I have lots of evidence to show that there has been this wilting.

Before quoting figures may I read sections 83 (a) and (b) of the National Energy Board Act. These sections deal with the export and import of gas products. They read as follows:

> 83. Upon an application for a licence the Board shall have regard to all considerations that appear to it to be relevant and, without limiting the generality of the foregoing, the Board shall satisfy itself that
>
> (a) the quantity of gas or power to be exported does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada having regard to the trends in the discovery of gas in Canada;

Here we see the first principle. We must have a surplus of gas before any is exported. No one will argue that that condition has not been met. The Alberta Conservation Board looks after the Alberta interest and the National Energy Board of Canada looks after the Canadian interest. I wish to emphasize the importance of the following subsection:

> (b) the price to be charged by an applicant for gas or power exported by him is just and reasonable in relation to the public interest.

In provisions relating to common carriers, and here I am speaking of oil pipe lines, and in the wording of the sections that deal with pricing policies, tolls and charges, existing legislation makes clear that discrimination must not be allowed to exist with respect to persons or localities. The only way to avoid discrimination is to charge consumers the lowest price at the well, and as the commodity goes across the country, whether to the east or west, the north or south, to charge a reasonable figure for transporting it. In that way each person is free to put into or take out of the pipe line the commodity with which he is concerned, knowing that the price charged for transmission will be fair. This is a fair principle in economics, but economics is not the only principle with

which we are concerned. The law of the land recognizes that there are other principles. Nevertheless, it is the economic principle that we must look at at this stage.

I said that I would try to be positive. What must be done? First, the Prime Minister (Mr. Pearson) must enter the picture, as the former prime minister did in 1959. Only the Prime Minister, speaking for all parties in the house, can make the United States federal power commission realize that we stand behind the National Energy Board and that we shall not allow that board to enter into any contract in which the two criteria I have referred to are not met. Second, we must state clearly that it is the intention of the Canadian government now, not five years from now or one year from now, to meet immediately with the United States authorities in order to decide on the rules of law that shall apply to their federal power commission and to our National Energy Board. These two institutions have been set up to protect the interests of United States citizens and Canadians.

We ought to support any attempt by the federal power commission to protect the interests of United States citizens. By the same token the United States authorities should support the National Energy Board in its attempts to protect the interests of Canadians. Considering the terms of reference under which the two boards operate, I do not think that the United States or Canadian governments should interfere with prices at this time. Pricing ought to be left until wider questions of policy between the two governments have been determined. Our government ought to ask the United States government to request the federal power commission to withdraw its last action because it went beyond the board's terms of reference. The United States board tried to take unto itself regulatory power for the entire North American continent.

The idea that the two national bodies should work together is not new. I shall read to the house a statement made on May 18, 1959, by the minister who was in charge of the National Energy Board. The minister, the present hon. member for Winnipeg South Centre (Mr. Churchill), as reported on page 3768 of *Hansard* for May 18, 1959, said:

> The government of the United States, as represented by the federal power commission, must also decide whether it will approve the importation of the gas, and upon what terms. This raises the difficult problem of whether we should grant an export licence before or after the federal power commission grants the corresponding import permit.

[Mr. Hamilton.]

Listen to this, Mr. Speaker:

> We are willing to work out an efficient arrangement with the United States which will satisfy our respective national requirements without hampering the mutually advantageous development of our gas industry.

● (3:50 p.m.)

> Our officials have already had discussions with appropriate officials of the United States state department and the federal power commission and we know from these talks that our willingness to co-operate and our desire to reach a flexible and mutually satisfactory working arrangement is reciprocated.

That was the minister's statement in the house in May, 1959, as the bill was going through.

I should like now, if I may, to show that this view was accepted when the new government came to power. I quote now from *Hansard* of May 30, 1963, four years later. My hon. friend, the hon. member for Winnipeg South Centre, made his statement on May 18, 1959. The hon. member for Burnaby-Coquitlam (Mr. Douglas) put a question in these words:

> I should like to direct a question to the Minister of Trade and Commerce. Would the minister inform the house of the results of his talks with United States officials concerning energy resources and, in particular, whether United States officials have expressed concern at the size of Canadian gas and oil shipments to that country?

This was a legitimate question by an hon. member who was concerned about reports that the United States was worried about the size of our exports of oil and gas to that country. Here is the minister's reply. I will skip the first part and go on to the key paragraph. Remember what my hon. friend from Winnipeg South Centre said in 1959, that we were willing to work together. Here is the reply given by the Minister of Finance (Mr. Sharp) to the question asked by the hon. member for Burnaby-Coquitlam:

> I proposed to the Americans that our two countries initiate and undertake joint studies concerning the development of all forms of energy—oil, natural gas, coal, electricity and nuclear power—in which our interests increasingly intertwine. I found our American friends interested in and receptive to the suggestion, and I hope that preliminary discussions will begin in the near future.

That was in 1963. The statement by my hon. friend from Winnipeg South Centre was made in 1959. What happened in the meantime? I followed up what was said by the hon. member for Burnaby-Coquitlam by saying:

> Mr. Speaker, the fact that the minister made this statement on orders of the day limits the ability of the opposition to make any comments

on it. Therefore I will have to use the technique of asking a question or two, if I may, to clarify the statement he just made.

My first question is this. In this discussion with the United States were gas imports from Canada to the United States considered in their relationship to oil imports?

I was working toward the idea of co-operation between the two countries. The Minister of Finance gave me an evasive answer in which he said everything had been discussed. I could bring forward statement after statement to show that this is a great need.

I should like to review briefly the history of co-operation between our two countries. Hon. members will recall that in 1958 the Progressive Conservative party had gone to the country on a program of national development which was announced in February of that year. In August, 1958, we announced the national agricultural policy. In 1959 we set up the department of forestry. In 1958 and 1959 we began studies in connection with a power transmission grid which would give equal access on the part of Canadians to electric power generated anywhere in Canada. In 1961 we announced the national oil policy. I will say nothing about programs such as ARDA, the conference on renewable resources called Resources for Tomorrow or the conference on human resources announced in 1962. What I will say is that the Americans were kept informed of all these activities.

I am glad to see that my hon. friend, the hon. member for Brandon-Souris (Mr. Dinsdale) is in his place. When the government in the United States changed in 1960 we proposed to the new ministers who took office in 1961 that we should begin looking at resources from the point of view of the mutual advantage of both countries. Canada, obviously, possessed the great reserves for the future and we were concerned because their industries had been recommended to acquire these reserves—a situation which could lead to confrontation. So we began in a general way to explore the advantages of working together in a mutually satisfactory way. It would appear from the statement I have put on record that the Minister of Finance was not averse to this type of understanding. I think he was wise, because two neighbouring nations must have some form of agreement to live and let live. Two neighbouring nations must understand the fact that each wants to live and that each is equal. I got into trouble in 1963 by saying that all Canada wanted was to be treated as an equal, not to be treated like a certain South American state, which I shall not name, where the C.I.A. changes the government whenever it wishes.

In October, 1963, Secretary of the Interior Stewart Udall had charge of resources in the United States, and on October 16 of that year this headline appeared in the *Globe and Mail*: "Canada Urged To Study Resource Pool With U.S." The Canadian Press article reads as follows:

U.S. Interior Secretary Stewart Udall yesterday suggested Canada and the United States create a gigantic pool of their resources and exploit them in cross-border trade on the basis of achieving maximum production efficiency at lowest costs.

He said this concept, which he described as having quite a bit of support in the U.S. administration, could be applied to the flow of Canadian-U.S. trade in hydro and nuclear power as well as coal and petroleum products.

This would seem to indicate, bearing in mind the initiative we took back in 1961 and the attitude expressed by the minister of trade and commerce at that time now the Minister of Finance, that we were moving in such a way as to ensure that rules of law would apply in respect of all points at issue.

Now we find a case where confrontation has occurred simply because no action was taken. I asked a question in the house some years ago, having noted an article in the *Foreign Affairs Quarterly* of January, 1965, which purported to have been written by the Prime Minister of Canada and called for a co-operative program. I asked the Prime Minister whether these views represented a new policy direction. He said he would take the question as notice; I guess he had not read his own article. All the other evidence in 1964 and 1965 shows that Canadian ministers were rejecting any form of commitment in connection with water studies on the ground that they lacked sufficient information.

• (4:00 p.m.)

I am simply saying that we have enough knowledge to state the general principles, and that should be our long-range objective in this debate. Can we as members of parliament of all parties get agreement to ask the treasury benches (a) to state immediately the policy in connection with the hearings before the National Energy Board in Vancouver tomorrow and (b), on what grounds can we make a strong statement as a united parliament to give our National Energy Board a chance to live up to what the law says and what the royal commission report recommends, and above all to show the federal power commission in the United States that it cannot unilaterally take over the running of this continent so long as there are a few Canadians alive?

This is not an issue involving war between our nations. These matters have been discussed by legislators, by the respective cabinet ministers, and there is no great disagreement. Why then should an agency of the United States government move into a political field where it has no right to be and demand a shoot-out, a "High Noon" with the Canadian energy board? I want our champions at the hearings tomorrow and during the next few days in Vancouver to know that all parties in this house back them. All parties can do that by voting for this amendment. That is why I move this amendment, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale). I wonder whether I may take it as read, Mr. Speaker, since I have read it already?

Mr. Speaker: Order. I understand the hon. member has already read the proposed amendment but I gather that a slight procedural amendment should be made to it in the first line. I will now read it as it ought to appear in the record. Mr. Hamilton, seconded by Mr. Dinsdale, moves:

That the motion be amended by deleting all the words after "that" and by substituting therefor the following:

"this house is of the opinion that the government should state immediately its policy on natural resources and clearly set out its intentions and objectives generally; and particularly with respect to:

(a) A national energy policy, including natural gas, oil, electrical transmission grid and uranium.

(b) A national water policy.

(c) Forestry, agriculture and fisheries policy.

(d) Human resources.

and the extent to which pollution is endangering any or all of these resources."

Mr. Basford: Before the hon. member resumes his seat would he entertain a question?

Mr. Hamilton: In the interests of the type of amendment I am trying to get through, yes.

Mr. Basford: In the course of his remarks the hon. member read section 83(b) of the National Energy Board Act which states:

—the price to be charged by an applicant for gas or power exported by him is just and reasonable in relation to the public interest.

Is the hon. member suggesting that the National Energy Board is not now in a position to uphold the law?

Mr. Hamilton: No, Mr. Speaker. The National Energy Board has the power to turn down this application. This is a very difficult position in which they find themselves. Here we have a Canadian company which has applied, and therefore cannot argue against its own application, to the National Energy Board for permission to export at the price of 29.5 cents. Therefore what has to happen now is that the National Energy Board must rule that in the public interest this is too low a price. I am simply saying that unless there is a loud, clear statement from this house, we cannot tell how these hearings will go. I would like each member of the house to feel happy that he has played his part in letting the National Energy Board know that this is our feeling. They are a court of record and they have to deal with the law and the facts as they stand before them, but unless someone puts in precise language what we feel in this house to be in the public interest, are they to think that we have no interest in this matter any more?

I would say that because of the lack of response from all of us during the last three or four weeks since the federal power commission threw out this challenge to the National Energy Board it might appear that we are not interested. I say we should issue a firm statement to the board as a result of which it can tell these two companies, "We have to work under these assumptions and therefore we intend to give the decision along that line."

Some hon. Members: Hear, hear.

Mr. Basford: I wonder whether the hon. member would entertain another question. Does the hon. member mean by implication that the National Energy Board Act, which he has bragged about so much, is so insufficiently or improperly worded that it does not set out national energy policy?

Mr. Hamilton: Mr. Speaker, the hon. member has hit on a very sore point. I am not a lawyer. When we ask for a clear expression of our wishes in the law the lawyers say, "This is how to draft it in the public interest." All I am saying is that we should make sure the National Energy Board knows what is meant when we get the Prime Minister to stand up in this house and make a statement. Do not get me into a wrangle about what the lawyers said and what was meant. Lawyers have said, "This is the way to draft it," and I have to accept their word. All I want to do is to make sure that the laymen on the National Energy Board know what we want.

Mr. Dinsdale: Very good.

Some hon. Members: Hear, hear.

Policy Statement on National Resources

• (4:10 p.m.)

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the matter of a national policy for Canadian resources is a subject of much greater importance than the attention which has been given to it would seem to warrant. During this centennial year we Canadians have been speaking a great deal about national identity, but even while we are speaking about national identity we are daily losing control of our own economy, and economic decisions affecting the lives of Canadian people are being taken out of the hands of Canadians and vested in the hands of corporations, mainly in the United States, which control the development of many of our resources.

We speak a great deal about being maîtres chez nous, about being masters in our own house, but certainly there has been no clearly defined policy with respect to the utilization of Canadian resources which would guarantee that we are likely to continue to be masters of our own house or that we are even to any great extent masters in our own house at the present time. The whole development of the Canadian economy has been increasingly directed to making Canada a supplier of raw materials to the great industrial complex of the United States. We in Canada must face the fact, and face it fairly soon, that there are two schools of thought, the continentalist school and the nationalist school.

There are those who take a continental view of resources in the United States and Canada. They look upon these resources as having been pooled and see the vast resources of Canada as now being available to supply the United States which has depleted much of its own resources and is largely dependent upon Canada for oil, gas, minerals, lumber, and in some places even for water. Consequently this continental approach is being accepted not only by the Americans who have much to gain from it but also, unfortunately, by some Canadians as well.

This is an old imperial concept. It goes back to the days of the Romans. The whole idea of the Roman empire was to use Rome and the immediate environs of Italy as the centre of the empire and to use the peripheries of the empire, which stretched all the way from the British Isles to India, as areas from which to draw raw materials and manpower, to funnel these into the centre of the empire which produced manufactured products and then to sell them back to the colonial countries. The British Empire was built on the same idea.

In the nineteenth century particularly Britain built a great empire by developing a highly technical and industrial complex in the British Isles and by bringing raw materials from all parts of the great British Empire on which the sun never set. They developed at that time what was the most highly industrialized nation in the world. This, of course, was good for Britain, but it meant that the peripheral countries of the empire were little more than hewers of wood and drawers of water.

We are now witnessing the development of the great United States economic empire. The colonial concept is devised to make that kind of empire possible. The role which Canada would be assigned in such an empire would be to supply the raw materials and to supply materials, manpower and skilled professional people when the United States needs them. Canada would be expected to supply the raw materials which the people of the United States themselves have depleted in their own country and to help develop the United States so that it can continue to be what it is already, the greatest industrial and military power in the world.

I have no quarrel with the growth and development of the United States. But as a Canadian I think I have a responsibility to look at what a continental policy is likely to do to Canada. It would make Canada mainly a nation of extraction industries, a nation which would ship out its gas, oil, lumber and minerals, a nation which would sell its raw materials to the United States but which itself would continue to be underdeveloped and underemployed. We will never have in this country the kind of economic growth, the kind of full employment and the kind of parity of income which we desire until we adopt a nationalist Canadian policy with regard to the development of our resources.

When I speak of a nationalist policy I am not talking about a protectionist policy; I am talking about a policy in which the government ought to sit down and look at the whole question of what our resources are, how we can best use them and what apportionment of those resources will make for the greatest growth of the economy and the highest possible standards of living for the Canadian people.

If the government is to enunciate a resource policy I think the first thing it should do is determine how much of our resources are surplus to our needs, not only

surplus to our needs at the moment but surplus to our needs in the foreseeable future. It should determine how much of our resources we need to retain in Canada to develop Canadian industry, how much of our resources can be processed or semi-processed in this country, and what resources we can afford to export in their raw state. When such an assessment is made I would certainly ask the government to keep in mind the following factors. The first is that nearly all the estimates which have been made to date concerning future economic requirements in respect of the load growth have been lamentably shortsighted. This has been true with reference to the consumption of oil, the consumption of gas and the utilization of electric power. All the estimates by the experts have been much too short. If we are to have estimates of what our requirements will be, those estimates ought to be very optimistic because I suspect that over the next 50 to 100 years our requirements for gas, oil, other energy materials and other basic raw materials will be much greater than anyone here foresees at the present time.

I think that the second thing which the government must keep in mind in working out an inventory of our requirements for the future is the fact that the resources we have today are part of the Canadian heritage. We are only the trustees of these resources; we have an obligation to conserve them and pass them on unimpaired to future generations. If we should allow our resources to be sold in a wild auction sale at fire sale prices we would be shortchanging the generations that follow. I am not suggesting by that that we ought not to export any raw materials or any fuel, but I think Canadians of the present generation and certainly Canadians of future generations will hold us responsible if we do not ensure that an adequate and even more than adequate supply of the resources of Canada are retained in this country for the future economy of this country.

When we have determined what resources are surplus to our needs and what commodities we can allow to be exported, it seems to me the government must also lay down a very clear policy with regard to each of the commodities that we propose to export. Let us take oil which is one of the commodities that in all likelihood research will show we are likely to have in surplus supply. The fact that the tar sands can now be profitably developed opens up a whole new reservoir of oil, one of the largest reservoirs available in the world. This is a commodity which in all probability we will be able to export. However, if it is to be exported, then surely the policy ought to be twofold. First, what we export should bring back to Canadians the best possible price because this is a commodity which belongs to Canadians. Second, as much as possible Canadian oil ought to be processed and used in Canada.

I have seen many conflicting estimates concerning the economic feasibility of developing an oil pipe line to Montreal in order to bring western oil right down into Quebec and the maritimes. I know that the Minister of Energy, Mines and Resources (Mr. Pepin) probably will argue that all the estimates show that it would not be economical to pipe western oil to Montreal. But I have seen estimates of some of the independent petroleum producers that would not substantiate that argument.

I should like to point out that some of the large Canadian oil companies are, of course, owned in the United States. These are the same companies which sell oil in Montreal that comes from Venezuela, and naturally they are interested in keeping that market. In the interests of Canadians I would like to know to what extent the government has, on an independent basis, explored all the possibilities of utilizing more of the eastern Canadian market for western oil, because the day when we can become completely self-sufficient in respect of oil we will have two great advantages. One is that we will not be divesting ourselves of American currency in order to buy oil. Saving United States dollars is always important. Second, in the event of war, as we found in the case of the recent Israeli-Arab conflict, the fact that we are self-sufficient will be a great advantage. If we could reach the point where we were not dependent on tankers bringing oil from Venezuela or from Texas through the gulf we would be in a much better position. I think, therefore, that on this question of an oil policy the government has to explore closely both of these fields.

• (4:20 p.m.)

With reference to gas, it seems to me again that once we are satisfied we have surplus supplies, and I personally am not satisfied at the present time we have supplies surplus to our needs, surely our policy should be to see that we do not sell natural gas in the United States at a price that is lower than we are charging the Canadian consumer to whom the gas belongs. That is precisely what we are doing at the present time. In the lower mainland of British Columbia people are paying some 9 cents per m.c.f. more than it is

sold for in the northwestern United States. Not only is this unfair to the Canadian householder who finds himself paying more for gas than people are paying for it in the United States, in spite of the fact it has to be carried some distance to those consumers, but it also means that the United States manufacturer using gas as a fuel is put in an advantageous position competitively vis-à-vis the Canadian manufacturer. If ever there was a policy of economic suicide, surely it is such a policy when a small country like Canada sells its chief competitors our fuels at a lower price than it sells to its own citizens and at the same time expects those citizens to compete successfully with their giant neighbour.

The fact that Westcoast Transmission is now appearing before the National Energy Board and has been before the federal power commission in the United States brings this question right before the government. The El Paso gas company wants to import gas from western Canada and is willing to pay a price which, while at the present time below what Westcoast is charging in Canada, will average out over a period of years to be to some degree equitable. The federal power commission of the United States, located in Washington, is telling the United States company it cannot import that gas at that price but must go back to the Canadian exporting company and ask for a lower price. This is a United States commission which is not only not satisfied with merely setting the price in the United States but wants to start setting the price in Canada at a figure that is lower than Canadian gas consumers are being required to pay.

Mr. Pepin: Perhaps I should remind the hon. member that there is a contract. I do not think the hon. member can say, on a matter of fact, that the federal power commission is trying to impose a certain price. We are dealing now with a contract which was signed in 1956 between El Paso and Westcoast. What the federal power commission suggests is that the contract must be respected, as they say in Latin, *pacta sunt servanda*. The federal power commission is not trying to impose a price in respect of a contract that was previously signed.

Mr. Douglas: The federal power commission has told El Paso that it should go back and ask that the old contract, which is at a lower price than the price it is now offering to pay, should be adopted. This company is willing to pay an equitable price which has been approved by the National Energy Board of Canada; yet the federal power commission says the price is too high.

Mr. Pepin: I agree now with the manner in which the hon. member has put the situation.

Mr. Douglas: That is how I was trying to put the situation before.

Mr. Stewart: No, no.

Mr. Douglas: I think that is clear to most intelligent members of the house. I thought that even the hon. member for Antigonish-Guysborough (Mr. Stewart) was understanding the point. I was directing my remarks to him with the idea that if he got the point it would be crystal clear to the members of the government.

Mr. Cashin: Put it in Latin for us.

Mr. Douglas: It is incomprehensible that the minister should stand up and defend a course of action like this.

Mr. Pepin: I have not done that, Mr. Speaker.

Mr. Douglas: The fact that the minister has not done anything about this situation is an indication that he defends it. The fact that the Canadian government has not raised, so far as I know, one word of protest—

Mr. Pepin: I am trying to set the facts right. The facts are that in this country the function of deciding whether a licence for export should be given is first function of the National Energy Board. And when the National Energy Board makes a positive decision that decision is then submitted to the government of Canada for approval. That is the procedure to be followed. I am not trying to defend the federal power commission, I am just trying to help my hon. friend to be as clear and objective as possible in his reasoning.

Mr. Douglas: I do not want to be suspicious of the minister's motives, but I suspect that instead of trying to make this clear the minister is trying to muddy the waters.

Mr. Knowles: There is enough pollution already.

Mr. Douglas: The fact is that if the government had any appreciation of the type of energy policy we require for this country it would have amended the energy act long ago. The National Energy Board ought to be more than an office of record. The National Energy Board ought to have the power to

assess the best possible use we can make of the energy resources we have, and to decide to what extent they should be retained in Canada for our own future needs and how we can obtain the best possible return for them if they are exported. The board should say that these resources will not be exported unless we obtain that kind of return.

Mr. Pepin: I am just trying to be helpful.

Mr. Douglas: The minister can be helpful later when he will have the opportunity to make a speech. He can be as helpful as he likes at that time.

Mr. Pepin: In the meantime I suffer.

Mr. Douglas: I have only limited time and I do not propose to have the minister bobbing up and down displaying the fact that he has not got a policy.

Mr. Pepin: In the meantime I think it might be useful to stick to the facts. This is a function of the energy board, and each time it makes a decision it must justify that decision to show that Canadian needs are being taken care of, and that the price is acceptable in the national interest.

Mr. Douglas: This is the worst nonsense I have ever listened to from the minister to date. Let me tell the minister how much protection the board is giving Canadian interests. They are protecting them to the extent that British Columbia gas is being sold in Seattle for 22 cents per m.c.f. and being sold in the lower mainland of British Columbia for 31 cents per m.c.f. Does he consider that is protecting the interests of the Canadian people? The fact is, of course, that the energy board deals only with specific applications. It does not lay down any broad policy with respect to the matters I have outlined.

• (4:30 p.m.)

Mr. Pepin: On a question of fact again, Mr. Speaker, when that contract was signed the National Energy Board did not exist.

Some hon. Members: Hear, hear.

Mr. Douglas: Yes, but the energy board has allowed the renewal of that agreement and it has done nothing at all to deal with the situation that is now before it.

Mr. Byrne: The C.C.F. insisted upon its being an economic line from northern British Columbia instead of from southern Alberta.

Mr. Douglas: I hear the hon. member for Kootenay East (Mr. Byrne), Mr. Speaker. He seems to be trying to get into the act. I would suggest that he keep to the subject of transportation, about which he knows even less than this subject.

Another subject on which the government will have to work out a resources policy is water. Some hon. members opposite have been making speeches about the possibility of exporting billions of cubic feet of water to the United States. They have been speaking about the great reservoir of water that we have available. We gave away the Columbia river. An engineering survey carried out under the direction of the prairie provinces showed that a diversion of 10 per cent of that river through the prairies would be of great benefit to both the agricultural and industrial development of the prairie provinces. I believe that before any further exportation of water is permitted there must be an extensive study of the water requirements of this country. With the improved methods of irrigation and the increasing demand for water for industrial purposes, water requirements in this country will go up in geometric progression.

The same thing is true, of course, with regard to electric power, lumber, coal and minerals. This is why the members of the New Democratic party have been pressing over the years for the setting up of a capital resources development fund so that we can mobilize the savings of the Canadian people in the development of more of our resources here in Canada and, where possible, process those primary products in this country. Everyone knows that job opportunities are much greater in the processing and manufacturing of raw material than in the extraction of raw material. As long as we continue to be satisfied merely to ship out our iron ore, minerals, gas, oil and lumber, just so long shall we continue to have a fairly primitive type of economy rather than the highly developed, technological, industrial economy that is possible in this country.

I wanted also to say a word about the development of our resources as part of the program of dealing with regional development in Canada. It is a well known fact that in this country we have areas of underdevelopment and underemployment. The most noteworthy, of course, is the maritime provinces. The recent report of the Atlantic Provinces Economic Council is a most depressing one. It says that in the last five years 103,000 persons have left the maritimes, that their per capita income now is less than 70 per cent of the per capita income for the rest of Canada, that over the last 40

years they have received about 32 per cent less per capita income than the Canadian average.

This report points out that the maritimes will have to create 150,000 new jobs over the next ten years just to hold their own, that this would still leave them with a fairly low per capita income compared with the rest of Canada and a higher rate of unemployment than there is in the rest of Canada. The tragedy is that the government has no real program for dealing with this kind of situation. The best we can get is, for instance, a speech made by the Minister of Forestry and Rural Development (Mr. Sauvé) at Banff on October 16 in which he said:

> Our planning problem is to synchronize the phasing out of coal mining and steel production in the greater Sydney area, the encouragement of new industrial developments along the Canso Strait and structural adjustment in rural areas in such a way that we attain the maximum regional economic development impact. This requires, among other alternatives, guiding the surplus rural population, displaced coal miners and steel workers to new jobs in the Canso area.

What new jobs in the Canso area? The minister hints about a deep sea harbour development in the Canso area, but where is it? The coal and steel industries are being phased out. The Canso area as a provider of job opportunities exists only in the minds of the government. The fact is that the government has done no economic planning with respect to these underdeveloped areas. In respect of an area like the maritimes they have left the people no alternative but to get out. I think it is a reflection on us that the Canadian government and the government of Nova Scotia are at this moment sitting down and hoping with great fervour that a Japanese firm will take over the steel plant at Sydney. Could there be anything more absurd than that the best we can hope for is that some people from the other side of the Pacific ocean will come and operate a steel mill that we apparently cannot keep open?

Surely if we had any type of program for the development of our resources, for the development of iron ore, for the building up of a steel industry and the secondary and tertiary industries that accompany the steel industry, it ought to be part of an economic plan in which the Atlantic Development Board and the provincial government of Nova Scotia would be involved? But no such plan exists. The government just flits from crisis to crisis, and the best they can hope for is that they can pay part of the losses of Dosco for a few months and maybe a Japanese or some other firm will come and take it over.

The resources of this country are tremendous. Canada is a great treasure house of resources. Its resources are greater per capita than those of any other area in the world. But apparently the government has no plan for the systematic development of these resources. The government has no plan for processing them in this country so as to advance our industrial stature. They are content merely to allow these resources to be siphoned off to any part of the world that wants them. I make the prediction that the day is not too far distant when Canadians, if not of this generation then of the next, will wake up to find that lack of government policy has depleted some of our resources to the point where we are not able to avail ourselves of the opportunities for development.

May I say a word on another subject that is mentioned in the amendment. It refers to the extent to which pollution is endangering any or all of these resources. I should like to move, seconded by the hon. member for York South (Mr. Lewis):

> That the amendment be amended by adding at the end thereof the following words:
>
> "and the need to take immediate steps to cope with air and water pollution, including appropriate national standards and any necessary amendments to the Criminal Code of Canada.

I hope that hon. members and the great majority of the Canadian people had the opportunity of seeing the film last evening between eight and nine o'clock which was prepared by the Canadian Broadcasting Corporation entitled, Air Of Death. I hope that program will do much to arouse the Canadian people to the danger which now faces them because of the pollution of the air by the industries of this country. It is estimated that great damage is being done to the health of the people of Canada in cities like Toronto, Montreal, Hamilton, Vancouver, Oshawa, Windsor, Sudbury, Sault Ste. Marie and Sarnia, all those areas in which industrial gases and poisons are prevalent.

• (4:40 p.m.)

The phosphate plant at Dunnville has already destroyed crops and caused the death of livestock. An expert on flurosis from the United States maintains it already has had serious injurious effects on the health of some people in that community. This is not a problem which applies only to Canada. In the United States, Great Britain and Europe the problem of air pollution has been very much

to the fore. However, I doubt that any country has done less about it than Canada. I was very disappointed last night, as I think most Canadians were, when I heard the Minister of National Health and Welfare (Mr. MacEachen) being interviewed. He said he had no new proposals to advance and no new policies. I should like to ask him, if he has no new ones, does he have any old ones? I do not believe the government has any policy or program. The minister is not going to be able to convince this house, as he tried to convince the television audience last night, that this matter lies solely with the provinces. As the minister of health for Ontario pointed out, the air is not subject to any geographical boundaries. Industries can move from one province to another and still pollute the air.

This government already has some authority under the Criminal Code, section 165, which relates to causing a nuisance. Section 165 reads:

> Everyone who commits a common nuisance and thereby
>
> (a) endangers the lives, safety or health of the public, or
>
> (b) causes physical injury to any person, is guilty of an indictable offence and is liable to imprisonment for two years.

I believe that legislative provisions with regard to this subject need to be spelled out. There have to be standards set beyond which it would be a criminal offence for any company to allow its discharge of pollutants to go. Section 372 of the Criminal Code, which has to do with common mischief, could also be used. The government has a responsibility if the air of this country is being polluted to the point where human life is in danger, where animal life and agricultural crops are being affected. The government has to step in.

The government not only has powers under the Criminal Code but I am certain that if the federal government called a conference with the provinces and requested them to agree on uniform legislation that could be passed by the legislatures and the parliament of Canada, it would get their support and concurrence. I believe that the Canadian people are getting weary of a government that hides behind the constitution every time it faces a serious problem.

Pollution of the air is bad and pollution of water is just as bad. I notice that Senator Robert Kennedy has protested in the Senate of the United States about the Niagara river being turned into a sewer. He has asked the Secretary of the Interior of the United States to protest to the Canadian government and ask for a conference on this matter. I hope that when the Minister of Energy, Mines and Resources (Mr. Pepin) or the Minister of National Health and Welfare speak they will not tell us about the constitutional difficulties but will tell us what they propose to do to establish a program and a series of policies that will cope effectively with air and water pollution.

These are two problems which cannot be allowed to continue. They are part of the technological development of this country and they are a price which the Canadian people ought not to be asked to pay. There are several ways of grappling with this problem effectively if the government has the will and the imagination to do it. If a private individual were endangering the life of a community and the health of his neighbours, that individual would be dealt with promptly by the government. When large corporations who are making millions of dollars in profit create a hazard to the life and health of a community they should be dealt with, and this government should have the courage to deal with this problem rather than being afraid of stepping on the toes of the large corporations of this country. It has been shown that these corporations are responsible for much of the air and water pollution that is making life in Canada untenable.

• (4:50 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, a motion that the house go into committee of supply having been made, I take the opportunity to make, on my own behalf and on behalf of my party, a few remarks to the government since this opportunity is given to us for that purpose. I note that the Progressive Conservative party has moved an amendment as follows:

> That the motion be amended by deleting all the words after "that" and by substituting therefore the following:
>
> That this house is of the opinion that the government should state immediately its policy on national resources and clearly set out its intentions and objectives generally; and particularly with respect to:
>
> (a) A national energy policy, including natural gas, oil, electrical transmission grid and uranium.
>
> (b) A national water policy.
>
> (c) Forestry, agriculture and fisheries policy.
>
> (d) Human resources.
>
> And the extent to which pollution is endangering any or all of these resources.

Next come the sub amendment of the New Democratic party which, I feel, adds a point that I consider rather significant and I quote:

—"and the need to take immediate steps to cope with air and water pollution—

The government should act accordingly, Mr. Speaker.

If I had to discuss each of these points, I would need at least four hours. So I will limit myself to two or three points and, as a general principle, we ask the government to set up a policy at the export level for all surplus production of the provinces without discrimination.

I have listened with great attention—it is also a pleasure to listen to him—to the hon. member for Qu'Appelle (Mr. Hamilton) who opened his remarks with the words: We proceed from crisis to crisis. I feel the hon. member has given a true picture of the current situation. We proceed from crisis to crisis. Party crisis, constitutional crisis, power crisis, economic crisis, crises in every departments.

As far as the party crisis is concerned, I think the party in power, that is the Liberal party, has had and is having its share of crises because we realize that all government members are not now of one mind, far from it judging from the bills being introduced by everyone in turn. As a matter of fact, one seeks to suppress the likeness of the Queen on coins and bank notes, and another wants it to appear twice. Well, I feel that on the Liberal side, the Prime Minister (Mr. Pearson) has a great deal of work to do to restore unity within his party, and then, to try and unite Canada.

On the Conservative side, I think some housecleaning had been done from which we are expecting beneficial results. As for the New Democratic party, I have been watching its members at work for several years, and everything has to be torn down, as far as I can see. They call for divorce and abortion, they want the pill to be sold in chewing gum packages, they are against hanging and, on some occasions, I even had the impression that they posed as champions of spies and undesirable people in Canada. I do not know what is that party's motto, but I must say right now that its program is diametrically opposed to my moral principles, that I am completely unable to support any of its concepts and, therefore, endorse its philosophy.

There is also the constitutional crisis. I was pleased to find in this morning's Montreal *Matin* the following statement by the Prime Minister:

Let us not crucify Canada on a cross of words.

The Prime Minister may not speak the same language in Vancouver as in Montreal, but he pointed out last evening, at the Queen Elizabeth hotel, that Canada must not be crucified "on a cross of words". He added:

Let us not have civil conflict over the words "nation" or "special status".

Let me tell the Prime Minister that it is probably that semantic dispute which has caused the province of Quebec to become so embittered, and I know that responsible and honest English-speaking Canadians are aware of it.

The province of Quebec has always been showered with fine words, with flowery language, but acts never followed. But now, fortunately, the Prime Minister seems to have woken up, to be wakening others. He invites his follow-citizens to open their eyes and face reality. I feel that reality stands naked before you, English-speaking gentlemen: Do in your provinces what the province of Quebec has done to your compatriots. To my mind, there is no better way to stop the deluge of words that will continue to flow, as the Prime Minister said, on the words "nation" and "special status".

With regard to the "special status", we believe in it and have believed in it for one hundred years, and we hope, we trust we can still believe in it since confederation—

The Acting Speaker (Mr. Rinfret): Order. I am sorry to interrupt the hon. member for Roberval, but I fear he wants to venture into a discussion on Canadian unity, on the constitution of Canada or on the special status of Quebec within the Canadian confederation. If such is the case, perhaps he can tell me how his remarks tie in with the national policy on our energy and hydro-power, on agriculture, on fisheries, on our human resources. On the other hand, it may be that he wishes to discuss political pollution, but I must tell him that the amendment to an amendment deals with air and water pollution, that is physical pollution.

• (5:00 p.m.)

Mr. Gauthier: Thank you, Mr. Speaker. Earlier, the hon. member for Qu'Appelle (Mr. Hamilton) used the word "crisis" and he was allowed by the Chair to carry on with his speech. I simply pointed out the words of the hon. member for Qu'Appelle. Besides, I am considering clause 4 which deals with

resources in human capital and I think it certainly includes constitutional crises. At any rate, I shall be brief. I wanted to make those few comments in order to appeal to Canadian unity but a rational and non partisan unity.

The constitutional crisis finally boils down to this: shall we be full-fledged Canadians or shall we hypocritically remain British colonists? That is the answer the people are waiting for.

Mr. Speaker, I shall come back now to the third point of the Conservative amendment, namely the question of agriculture.

In that respect, with regard to farm exports from the province of Quebec, we urge once more the government to give us equal treatment with the other provinces and we ask the minister to take an interest in our exports since it is a matter of federal jurisdiction. His duty is not to deal with Quebec's agricultural production, not to try and organize our farmers as does the Minister of Forestry and Rural Development (Mr. Sauvé), who, when in Quebec, leads the Quebecers to believe that the funds provided by the federal government are intended to assist farm production and organization. The federal jurisdiction is concerned with marketing, trading and export, and it must remain within those boundaries.

In that respect, Mr. Speaker, we also witness acrimonious struggles which I would call conflicts of power. An article published on page 2 of *Maclean's* is entitled:

Protocol: Ottawa and Quebec at War, by Jacques Guay.

Inviting to the same ceremony representatives of the federal government and of the Quebec government has become a very complicated matter.

The United Fishermen who recently launched their second large trawler, the *Unifox*, had a painful experience when they invited to Rivière-au-Renard, near Gaspé, the federal minister responsible for ARDA, Maurice Sauvé, and the Quebec premier, Daniel Johnson.

It was obvious that both governments were going to take advantage of that opportunity to announce "something important" about the E.Q.D.B. Mr. Sauvé's aides were busy preparing a rousing speech to prove "that nothing would get done without the federal government." In Quebec, a document was being prepared stating the contrary.

Mr. Sauvé, as federal minister, wanted to speak last.

Quebec fisheries being under provincial jurisdiction, the United Fishermen had decided that the honour should rest with Mr. Johnson.

Mr. Sauvé stated also that he was representing Mr. Pearson and that a federal Prime Minister, even absent, had precedence over a provincial premier, although present. The reply was that Mr. Pearson had not been invited anyway.

[Mr. Gauthier.]

Mrs. Reine Johnson was supposed to christen the ship. Those close to Mr. Sauvé would have preferred Mrs. Sauvé to be the christener.

And the article goes on like that, Mr. Speaker. That is the battle of words. The power struggle, we see it every day. And the cause of that struggle for us, in Quebec, are those famous joint programs, because if the other provinces want to accept them if they want to, that is their business; but it is always in the planning of those programs, when the federal government rules to meddle in the province's business, against the province's wishes, that the federal government interferes in fields which are none of its concern.

Well, Mr. Speaker, I think the government will have to revise its positions vis à vis the province of Quebec; first, it believes in the special status, because it was created especially for Quebec. If there had never been a Quebec, if there had never been French Canadians in Canada, there would never have been a constitution.

As for me, I consider that to be Quebec's special status. But now that the first agreement has been broken—everybody knows the circumstances—we must come back and take what is good and correct that which is no longer up-to-date and modern, in an effort to give back to all levels of government the authority which is theirs, and to put an end to those jurisdictional conflicts.

I think that by following this policy, the Prime Minister will be on the road to Canadian unity, and if everyone, including both nations, does his share, we will attain what we are all looking for, that is, a federal government that can find markets for the production surpluses of the provinces, and that, for its advantage as well as for the advantage of all the provinces in general.

Now, Mr. Speaker, I would like to speak briefly about air and water pollution. Even though the government has already done something, I believe that much remains to be done. When I speak about pollution, I am specifically referring to cloud seeding, a well-known and most adverse pollution factor for our agriculture. The federal government has already introduced legislation, but I do not think it is adequate, and more drastic action will be needed to eleminate air pollution.

Now, I have here an article dealing with that problem. More light will have to be thrown on this matter, because some people, I think, take pleasure in misinforming the public.

• (5:10 p.m.)

I happen to have here an article recently published in a newspaper—supposedly the mouthpiece of the government—which mentions rainmaking machines discarded since 1964.

The provincial government is involved here, but I will quote the article, to prove the contradictions which exist between the provincial and federal governments. It wants to prove to the people that there are no rainmaking machines left.

In spite of continual rain in the Saguenay area these last few weeks, Dr. Oscar Villeneuve, head of the meteorological service of the Department of Natural Resources in Quebec declares categorically to whoever is willing to listen to him that since August 1964, no rainmaking machines have been used in any part of the province, including the Saguenay-Lake St. John area.

According to Mr. Villeneuve, since the henceforth famous visit in the old capital of the ladies of Operation umbrella, the Saguenay-Lake St. John region in particular has had no artificial rainfall, and nor have the Gatineau area, the Eastern Townships or the North shore where rainmaking machines were used extensively before August 1964.

Mr. Villeneuve, the main person responsible for the use of rainmaking machines in Quebec, at least at the beginning of 1965, has just shown us here that rainmaking machines did indeed exist.

When we started this fight four years ago, we were mad, they said, we were talking through our hats; but here is proof that these machines did exist in 1964. They are no longer in use today.

Besides, I blame him for knowing nothing about that or being dishonest, because he does not tell the people that he hears here about rainmaking equipment on the ground. And that is what I gather from his article when he states straightforwardly: "Rainmaking equipment is out."

I have here the August 16, 1967 issue of *La Frontière*:

Clouds of artificial rain will pile up over Quebec. Royalair of Montreal will be able to seed clouds.

Listen carefully and you will notice the contradiction with the article just issued in the area.

Shall we witness shortly a new "Operation umbrella" in Quebec and elsewhere in Canada?

That was on August 16; cloud seeding started in the middle of September.

That is the question which comes immediately to mind following the decision arrived at a few days ago by the air transport division of the federal Department of Transport, which just authorized Royalair of Montreal to proceed with the seeding of clouds to increase or produce rainfall or snowfall.

Royalair's public relations man, Mr. G. Finley, pointed out that the federal permit involves no restrictions and is valid for any area in Canada. Royalair, according to Mr. Finley, will also be able to seed clouds in the United States if American firms request it.

The operation will be carried out with a Lockheed Lodestar specially equipped for that purpose.

Clouds are seeded by means of a silver iodide solution which produces the humidity necessary for rainfall or snowfall and prevents the formation of hail-stones.

Lumber companies and others using hydraulic power often resort to that method to protect forests or to increase the water level in dry periods.

Recently, Royalair intervened in Labrador to put an end to a forest fire which had been burning for three days.

You will recall the anger and protests which the then Quebec Minister of Natural Resources, Mr. René Levesque, had to face two years ago following artificial rainfalls in the Saguenay-Lake St. John area.

The former minister explained at that time that those experiments were needed for their scientific value to future generations.

For his part, the former Minister of Agriculture, Mr. Alcide Courcy, stated then in the house that "the infernal machines which are used to seed clouds should disappear from the province and the country".

And the article goes on to recall what happened when a strong delegation of women started Operation Umbrella, and ends like this.

Finally, giving in to pressure, Mr. Lévesque asked the area's two sponsors, the Gatineau Power Company, a subsidiary of Hydro Quebec, and the association for the protection of Laurentian forests, to discontinue cloud seeding after June 15, 1965.

Since June 15, 1965, there has not been any seeding in the spring and that until three weeks ago for a very good reason. Expo prevented that. Therefore, the weather was perfect all summer but for the last three weeks —I am still getting letters and I visited my riding—the whole area has been flooded as it has never been in the last 20 or 25 years. It seems to me that the time has come for the present federal government to do something because, after all, that matter comes under its jurisdiction.

It is a question of cloud seeding by airplane and not from the ground. The latter concerns the province of Quebec but not the former. I warn the government, that they will certainly receive damage claims from the farmers. Several of the largest farms had harvested only 50 per cent of the crop. Well now, everything is under water, has become

rotten, there is nothing to harvest after these rains.

I hope the government will enforce the law more strictly, I am not against the seeding of clouds where there are forest fires, but I do not want to see it applied over cultivated lands as it is being done right now. I think it is inconceivable because it has destroyed our crops for the last two, three or four years. And yet, this fall, even though the losses will be somewhat low, because only about 10 per cent of the crop remained on the ground, it will be necessary to compensate the farmers for their losses.

Finally, I should like to say a word about the airmen's practising over the Lake Saint John area. I have already dealt with this matter, but I was told then by the minister that these operations were allowed outside inhabited areas, but I believe the military men in charge of these training camps have not received the minister's directives.

• (5:20 p.m.)

During the summer, while I was accompanying the Quebec minister of agriculture in a visit to a blueberry field, he was frightened to death because he had never heard a plane breaking the sound barrier. He found it awful.

Imagine those farmers who hear that 10, 15 and even 20 times in the same day. Those regions are not uninhabited, because all around the lakeshore there are large farms and those airmen are practising over Lake St. John.

When I protested against such a thing, several mayors among whom those of Bagotville and Chicoutimi stated that I did not know what I was speaking about.

Well, I spent a whole day on the farms with the minister and I was in a position to note the damages, for example, broken window panes, completely destroyed hatcheries and dead chicken. The first time I heard those explosions, I found it terrible.

We are merely asking that those exercises be carried out over the bush towards Ungava Bay area. We have enough space there to leave farmers alone. Since I denounced them, especially, it looks as if some were deliberately flying over houses when breaking the sound barrier.

I would therefore ask the government and the responsible minister who is now in the house, to have a serious investigation made, not by airmen but by independent persons who would visit the houses, check damages to do justice to those farmers.

I think they would perform a great service for those who have been clamouring for relief for two or three years. Last summer, things have been worse than ever. This just about concludes my remarks, and I hope that something will be done so that I will not have to come back to these matters indefinitely.

[*English*]

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, the amendment and the subamendment to the motion before the house certainly cover the whole waterfront. If the government were to embark upon stating "immediately," as is called for by the amendment, its policy on national resources and clearly set out its intentions and objectives generally covering the functions of the National Energy Board and, more specifically, touching on natural gas, oil, an electrical transmission grid, water, forestry, agriculture and fisheries, human resources, and the whole complex and involved matter of air and water pollution, this would surely involve at least one speech from the throne and, from my experience in the house, all this territory could not be covered in one speech from the throne or even in a 12 month session of parliament.

On supply motions such as this I used to enjoy participating in the debates when in opposition because they were wide open and one could speak on any subject that had been disturbing one for a long period of time. Therefore I am not suggesting that the amendment is out of order, but after moving it the hon. member for Qu'Appelle (Mr. Hamilton) began to concentrate his remarks on one particular matter, a discussion of which at this time is in my opinion out of order. I do not wish to precipitate a procedural debate on it, but the hon. member for Qu'Appelle knows very well that when a matter is before the courts, and the National Energy Board is a court of record, it is improper to discuss it in this house.

The hon. member for Qu'Appelle eloquently attempted to persuade the government to make a decision publicly right here and now respecting a certain price in a contract between Canada and the United States. He wanted the government to make that decision without having heard the evidence. Today and also tomorrow the National Energy Board is and will be hearing the evidence with respect to this matter, and I do not think it is right for hon. members who have

not heard the evidence to attempt to superimpose their opinion on the court which is doing so.

There will come a time when the Minister of National Energy, Mines and Resources (Mr. Pepin), the cabinet and this parliament, if it wishes, can make a decision on whether or not the National Energy Board made a proper decision, but at this stage it is wrong for the hon. member for Qu'Appelle to ask us to decide what the board's decision ought to be while the board is still hearing the evidence. Without taking the time to hear what the arguments are, the hon. member wanted this house to state publicly what we are going to do and what we think the National Energy Board ought to do.

Does this mean that the hon. member for Qu'Appelle and the hon. member for Brandon-Souris (Mr. Dinsdale), the seconder of the amendment, have no confidence in the competence of the National Energy Board? Certainly, Mr. Speaker, if they want this house to superimpose its opinion—

Mr. Dinsdale: On a question of privilege, Mr. Speaker, I have not spoken in this debate yet.

Mr. Olson: Well, Mr. Speaker, the hon. member seconded the amendment and I presume that he supports the statements and the arguments advanced by the hon. member who moved it.

Mr. Dinsdale: Mr. Speaker, I shall speak for myself when the time comes, and the hon. member for Medicine Hat (Mr. Olson) cannot anticipate my speech.

Mr. Olson: Mr. Speaker, I do not need to anticipate what has already been said in the house. I see that the hon. member for Qu'Appelle has now returned to the chamber. The hon. member for Qu'Appelle earlier this afternoon went over and over his argument that this house and the government should categorically state now, today—there was some urgency because the Vancouver hearings would end tomorrow—what the National Energy Board should do. Has the hon. member for Qu'Appelle heard the evidence? He could hardly have heard it since he is here and not in Vancouver where the evidence is being given. Is he ready to suggest that he knows more and is in a better position to make a decision sitting here in Ottawa than the very competent members of the National Energy Board in Vancouver who are listening to the evidence? That is what he is suggesting. I would remind the hon. member that this board was set up and the appointments made to it when his government was in office. Is he saying now that he has completely lost confidence in their ability and competence to make a proper decision?

Mr. Hamilton: Mr. Speaker, in view of these remarks by the hon. member for Medicine Hat (Mr. Olson), would he permit a question?

Mr. Olson: Certainly.

Mr. Hamilton: My question to the hon. member is this: Does the hon. member not accept the principle that there are terms of reference for the National Energy Board, based on government statements and what is in the act and the report of the royal commission, but that there are also political statements that have to be made? The second question based on that is, does he not think the evidence is now clear that the federal power commission has moved into the field of politics and has not acted on the basis of equity, as Commissioner Carver has pointed out? Does the hon. member not accept the fact that there are terms of reference based on equity and on what governments have said and also that there are political statements that can only be made by governments and not by the National Energy Board?

Mr. Olson: Mr. Speaker, I am fully aware of that, but I do not give the weight to certain aspects that the hon. gentleman obviously does. I am more keenly aware of the fact that the National Energy Board members have the act before them and have their terms of reference so far as their function is concerned in dealing with this matter. Surely we ought at least to wait until they have heard the evidence and made a decision. But the hon. member for Qu'Appelle is not willing to wait. Apparently he is of the opinion that an improper decision is imminent. That is why he is suggesting there is urgency that the government make an overriding decision now. I think it would tear at the foundations and roots of all the competent commissions that have been set up in this country to deal with this kind of matter if the government acted in the way the hon. member suggests.

Some hon. Members: Hear, hear.

• (5:30 p.m.)

Mr. Olson: Mr. Speaker, I know that the previous administration and this government had, and I hope still has, confidence in the National Energy Board. There is no question

in my mind about that. There have been occasions when this government has rescinded a decision of the National Energy Board, but surely at least one should wait until the National Energy Board has made a decision before one starts to intervene in respect of what is in fact a court of record. I think the approach of the hon. member to this matter is improper. I certainly hope that all Canadians who have taken an interest in it will take cognizance of the manner in which the hon. gentleman would run the government if he were ever given another opportunity.

Mr. McCleave: He will have it soon.

Mr. Olson: If proposals of this kind come forward it may be a lot later rather than sooner.

The hon. member complained that no attempts are being made to enunciate policy in respect of the development of oil and markets in Canada. In his amendment he says that the government has not, at least up until this time, announced its intentions and objectives generally and particularly in respect of a national oil policy. Had the hon. member been here and had he listened he would have noticed the numerous occasions on which the Minister of Energy, Mines and Resources (Mr. Pepin) has stood up in this house to answer questions and make statements regarding the fact that the government is continually and actively pursuing a policy of finding additional markets for Canadian oil.

An hon. Member: Where is he now?

Mr. Olson: He will be around later to talk about all the misstatements made in the house up until this time. The hon. member for Qu'Appelle obviously has not been watching the Canadian statistics respecting exports of Canadian oil. There has been an appreciable increase in those exports during the past few months. I know that part of this is due to the difficulty in the Middle East. There is no question about that. But in addition the minister responsible in this field has stated over and over again in response to questions that he has had talks with the appropriate secretary in the United States respecting the extension of Canadian exports of oil into the Chicago area. So the hon. member is completely inaccurate when he gets up and says that there have been no statements made regarding any action being taken to obtain additional markets for Canadian oil.

When we come to the remarks of the hon. member for Burnaby-Coquitlam (Mr. Douglas) we find exactly the opposite. He, for example, said that he is not satisfied today that there are sufficient reserves of natural gas in Canada so that we have any exportable surplus. I have heard these same old arguments over the years dating away back to the early 1950's. I have heard them from the same man and from the same party. The only thing that is certain about the proposal the hon. member for Burnaby-Coquitlam made today is that it is one they have tried and which has failed over and over again in those areas where they have had an opportunity to try it.

We know, for example, that over the long space of time when he was responsible for the government of Saskatchewan his government followed the kind of policy he outlined to us in the house this afternoon so far as gas and oil are concerned. The net result of following that kind of proposal was that there was no development. The risk capital that private industry is willing to put up is essential for exploration, first of all, and then the development of gas and oil reserves. During the latter part of his term of office in the province of Saskatchewan the only thing that was significant was the exodus of the oil companies from that province.

Since the government in the province of Saskatchewan changed this situation has completely reversed itself. Not only is the total amount of available oil increasing substantially but also the reserves over and above the amount required are increasing year by year. Therefore it is amazing to me that they continually advance this kind of argument when, as I said a few moments ago, the only thing which is certain about such a policy is that it has failed to provide the incentive which is required for this kind of development.

Mr. Rapp: What about the Social Credit government in Alberta?

Mr. Olson: The Social Credit government of Alberta has the largest reserves of gas and oil in Canada, and it certainly has not been following the kind of program the leader of the New Democratic party set out in this house today.

The hon. member for Qu'Appelle suggested that there may be a violation of the law involved in the matter which is before the National Energy Board. I have enough confidence in the chairman and other members of

the National Energy Board to believe that they can read and understand what is in the statutes and the terms of reference under which they are working. I also believe they will uphold the Canadian law.

The hon. member complained further that the federal power commission is exceeding the law so far as their act is concerned and that what they are suggesting is ultra vires of their law or certainly goes against their tradition in the past. His argument was completely devoid of any consideration of what Canadian legislators or Canadian law enforcement agencies can do about United States laws. He knows very well that the federal power commission of the United States operates under United States law and is responsible to the United States legislators. What does he suggest the Canadian National Energy Board or the government can do about what a United States agency is doing? This is not something which is within the jurisdiction of the Canadian government. I suggest to the hon. member that he made a fairly weak case when he suggested that we have a legal right to force the federal power commission to abide by what he interprets to be the law.

Another suggestion he made was that perhaps there ought to be a conference between the officers of the federal power commission and the Canadian National Energy Board to see whether they could agree in respect of how matters like this should be handled. No one disagrees with that. I would think, however, that the hon. member is aware that continuing meetings are being held between the Canadian ministers and their counterparts in the United States respecting these matters.

I do not intend to discuss this matter at length because, as I said at the outset, I think it is improper for this kind of discussion to take place respecting a matter which is now before a properly constituted commission empowered to deal with it. When the National Energy Board has heard all the evidence and announced its decision that will be the proper time for the government to direct the National Energy Board to rescind its decision if it appears to circumvent or contravene either Canadian law or Canadian policy. I am sure that the minister, who already on many occasions has displayed his ability to look into these matters in an attempt to reconcile them with Canadian policy, will at that time take appropriate action. Certainly I do not believe it would be proper for the House of Commons or the government to attempt to tell the National Energy Board what to do before it has heard the evidence when we in fact have not heard that evidence.

• (5:40 p.m.)

Mr. Robert C. Coates (Cumberland): Mr. Speaker, what this house seeks today and what the hon. member for Qu'Appelle (Mr. Hamilton) endeavoured to obtain from the government is a basic statement of policy in respect of many areas which are proving to be of great concern to the Canadian people. The hon. member for Medicine Hat (Mr. Olson) expressed some objection to the comments of the hon. member for Qu'Appelle regarding the National Energy Board. Surely we have been waiting too long for the government to make a definitive statement on national resources, and surely as long as we are without such a statement we as opposition members are obligated to make a determined effort at every opportunity to obtain such a statement.

While the hon. member for Medicine Hat is concerned about the attitude of the hon. member for Qu'Appelle toward the National Energy Board, let us face the fact that no one in this country can feel secure about the attitudes and movements of this government in many fields of national resource development. Surely the hon. member for Qu'Appelle adopted the attitude he expressed today in order to indicate to the National Energy Board the feelings of the members of this house in respect of this subject.

Mr. Olson: May I ask the hon. member a question? Does he adopt the view that members of this house would be acting properly in directing the National Energy Board at a time when it is hearing evidence without having heard that evidence themselves?

Mr. Coates: I feel that the members of this house are acting properly when they indicate to the National Energy Board exactly what their feelings are about the proposal before them. Not only the members of this house but the people generally have the right and obligation to do this at every given opportunity, and this is one of those occasions.

Mr. Basford: Would the hon. member permit another question?

Mr. Coates: Hon. members may ask me questions if they wish when I have completed my remarks.

Let me direct my attention toward the east. Much has been said about development in western Canada. I should now like to place my views before the government about a

situation which is reaching, if it has not already reached, a crisis in eastern Canada. I refer to national resources development and the people of that area.

The hon. member for Burnaby-Coquitlam (Mr. Douglas) this afternoon referred to certain facts which were made available to members of parliament by the Atlantic Provinces Economic Council, having to do with the emigration of maritimers from that area to other parts of Canada and the United States. I placed these figures on *Hansard* during the budget debate and I am pleased that the hon. member saw fit to repeat them this afternoon. As far as I am concerned they cannot be repeated too often. These figures give the people in the rest of Canada a far better appreciation of the seriousness of the problems faced in Atlantic Canada.

In an effort to buttress those figures I should like to tell members that the emigration of maritime youth at the age when they leave school amounts to 500,000 since confederation. As the economic council pointed out, with the loss of such people we are facing an even greater problem than would otherwise exist. We are losing potential producers and individuals who could assist in finding solutions to our many problems.

For the ten years I have been a member of this house I have been concerned about the fact that familiarity with the problems of Atlantic Canada seems to result in the acceptance on the part of hon. members and Canadians generally of those problems. It is easy to pick up an Ontario newspaper today, at a time when we are facing a crisis such as has developed as a result of the Dosco announcement about its possible closure, only to find that we are being told to face the fact that if an industry is uneconomical it should be shut down. Are we also to accept the suggestion that we close the border between New Brunswick and Quebec and move all the people out to be dispersed throughout the remainder of Canada because the problems of our area are difficult of solution and because the government today does not have a policy which could provide a solution to these problems and thereby eliminate a disparity which has been in existence since confederation? Surely it is time we reversed the trend of the rich getting rich and the poor getting poorer.

Surely it is time we received a policy from the government on the basis of a regional approach to the problems of the Atlantic provinces. Surely if we could obtain this kind of action from the government we might do something about the disparity in personal income in the maritime provinces. Let me remind hon. members that the average income there is 30 per cent lower than the national average and 45 per cent lower than that enjoyed by the people of Ontario. If we could harness the resources of the Atlantic provinces and keep the people there perhaps we could march forward with the hope of providing equal opportunity for Canadians wherever they live.

Not only is there a great disparity in personal income but the rate of unemployment in the maritimes is twice that of the national average. One might almost think there is no potential in the Atlantic provinces and no hope of survival. This might appear to be true until we examine the resources available there which, if developed, might very well change the whole complexion of that area. It is in this regard I should like to direct the government's attention to my views as to how we might overcome the difficulties we are facing today.

• (5:50 p.m.)

At the present time there is in existence a committee of the federal government and the governments of Nova Scotia and New Brunswick which is examining the potential of the Bay of Fundy tides from a power point of view. This committee has been in operation for less than a year. I believe that a preliminary report is supposed to be available to members of the house about the end of this year. It is possible that the committee will complete its study and will submit recommendations by 1969 on the possible harnessing of the tides. But in view of the serious implications that underlie the elimination of a cornerstone industry in the Atlantic provinces, would it not be wise for the government to make every possible effort now to obtain the final report of the committee and have it available to them and the house much sooner than 1969?

Investigations which have been carried out indicate that there should be development in the Bay of Fundy at both Shepody Bay and Cumberland Basin. The indication is that they should be single-basin plants, each with its own powerhouse. The estimated cost of this development is $325 million, exclusive of interest during construction. The energy output is estimated at five and a half billion kilowatt hours per year, with 100 units each of nine megawatts. This is estimated to be only the initial return of power from the construction of these tidal power dams. What

impresses me is that United States Secretary of State Udall was willing in 1963 to urge the construction of the Passamaquoddy tidal power project in the Saint John River hydro development for the United States and Canada.

It is my understanding that there is at Passamaquoddy only one third the potential power that is available in the Bay of Fundy. I also understand that we could produce power in the Bay of Fundy three times cheaper than at Passamaquoddy. That is to say, we could obtain three times as much power at one-third the cost in the Bay of Fundy. Yet we in Canada cannot make up our minds what to do. We dilly-dallied around in setting up the committee to investigate this matter. Two years were lost before the committee was established. Now we must wait until 1969 to learn the recommendations of the committee, when we face the most serious crisis that has confronted the Atlantic provinces in the last 100 years with the possible closing of Dosco and the loss of our coal and steel producing potential.

The steel industry of Cape Breton employs directly between 3,000 and 3,500 people and has a payroll of almost $25 million annually. Yet we are told by some in this nation that we should let this industry go, that we should in effect let the industrial heart of the Atlantic area disappear without even a qualm about the people directly affected. This does not include the 35,000 to 50,000 people indirectly affected by the possible closure of the steel mill.

As a nation we are only as good as both the richest and the poorest parts of the nation. If we are a nation with a conscience, surely we will not allow the poor to become poorer and the rich to become richer. On the contrary, we will endeavour through the taxing powers of the federal government to distribute the wealth of this nation so that everyone no matter where he may live has an equal opportunity to go forward. But this is certainly not the case today and it will not be the case unless we do something about the problems in the Atlantic provinces.

Mr. McCleave: Hear, hear.

Mr. Coates: Governments both Conservative and Liberal—I am not endeavouring to be partisan—have been talking for 100 years about the problems in the Atlantic provinces almost as though by talking about them and doing nothing the problems would disappear. Surely, even though we have lost half a million young people in the last 100 years, we have at least indicated that we want to remain in the Atlantic provinces. Surely we have indicated that we want a viable economy in that part of the country, one that will allow our children and our children's children to stay in the Atlantic provinces if that is humanly possible. Surely we can expect, from whatever party forms the government of this nation, a policy that will at least hold out hope for the people of the Atlantic provinces. Today we lack any over-all policy that even gives us a little hope, the kind of hope we can hang on to until some solutions are found to the major difficulties that we face.

I believe that if the Bay of Fundy tides were anywhere else in the world, certainly anywhere else in North America, they would have been harnessed before now. The fact that this has not been done is almost beyond one's comprehension, when one considers the power potential there. In addition, Mr. Speaker, we have in the Atlantic provinces raw materials which are close at hand and could quickly be developed with cheap electrical energy. We have the best ports in Canada from which to ship our products.

Mr. Stewart: Hear, hear.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Tardif): Order, please. It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows:

[*Translation*]

The hon. member for Lotbinière (Mr. Choquette): The federal-provincial conference—the two-nations principle, the hon. member for Trois-Rivières (Mr. Mongrain): The government's fiscal policy, the hon. member for Lapointe (Mr. Grégoire): Airports—Montreal, Quebec—Concerning the rates on transportation of baggage by porters.

[*English*]

As it is now six o'clock this sitting stands adjourned until eight o'clock this day.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

SUPPLY

The house resumed consideration of the motion of Mr. Benson for committee of supply, and the amendment thereto of Mr. Hamilton and the amendment to the amendment of Mr. Douglas.

REQUEST FOR POLICY STATEMENT ON NATIONAL RESOURCES

Mr. Coates: At six o'clock, Mr. Speaker, I was endeavouring to point out some of the reasons I feel the harnessing of the Bay of Fundy tides would be of material benefit to the economic crisis in which we find ourselves in Atlantic Canada. At that time I stated that we have the raw materials close at hand that could be processed into saleable products in the Atlantic area. I pointed out also that we have ports open the year round from which we could ship our goods by water, not only to other areas of Canada but to the markets of the world. I feel that too often we do not take advantage of what is available to us by way of our proximity to world markets.

I should like to stress that while the Minister of Forestry and Rural Development (Mr. Sauvé) did say some things that were controversial in his speech at Banff, he pointed out that we should expend our federal money in an effort to produce a deep-water port in the strait of Canso area which would take advantage of the growing industrial complex there. Certainly I would be the first to encourage him in this regard. I should like also to see the federal government do everything possible to modernize the ports of Halifax and Saint John so that we would not be slipping behind, but would be going forward in our endeavours to provide the best facilities available to the shipping companies of the world.

I believe we are strategically located in Atlantic Canada to take full advantage of the concessions we have acquired under the Kennedy round, and if our ports were as modern and as efficient as they might be with a realistic government program we would then be in a better position to take full advantage of what might be available as a result of the Kennedy round negotiations. The hon. member for Burnaby-Coquitlam (Mr. Douglas) mentioned that there was only one company other than Dosco that might possibly be interested in controlling and utilizing the facilities

[The Acting Speaker (Mr. Tardif).]

at Sydney, Nova Scotia. I feel he should examine the facts as they exist today. He would learn that there is a wholly owned Canadian company, I believe, which has indicated it is anxious to acquire Dosco holdings not only in the maritime provinces but also in the province of Quebec. One of the main points made by this company in its submission to the government of Canada and the government of Nova Scotia relates to water transportation and the accessibility to foreign markets. They feel that they could take the steel complex at Sydney and Contrecoeur and make it into a going concern. Naturally it is my hope, and I am sure the hope of the people of Nova Scotia, that this company has the kind of resources available that will allow it to secure control and allow it to utilize the cornerstone industry that exists there now, without which the whole economy of the area would be jeopardized.

• (8:10 p.m.)

I think members in all parts of the house should take cognizance of the facts pointed out in the Halifax *Chronicle-Herald* of October 18, that a great many taxpayers' dollars have been expended on certain government projects that were beneficial to the whole nation, even though the return from them at any given time may not have been apparent. I am sure that the St. Lawrence Seaway, which has cost the Canadian taxpayer in excess of $400 million, would qualify, as would I feel certain the sum expended on the Avro Arrow, a project which was never completed but which cost the taxpayer $341 million. Nova Scotians did not berate the government of Canada for entering into such a project or for spending such a vast amount of money.

A similar type of endeavour was the stockpiling of uranium in the Elliot Lake area, which is the constituency of the Prime Minister (Mr. Pearson), at a time when uranium companies were facing a dilemma not that much different from the one faced by the people of Cape Breton today. An amount in excess of $135 million of taxpayers' money was spent to maintain the uranium mines. I am sure I could point to many more examples of industries in various parts of the nation having to be maintained for the good of the economy of Canada.

This is the situation that obtains in the Atlantic area today. If the government and the minister would do everything in their power to see that the committee that is studying the potential of the Bay of Fundy tides produces its report before 1969, which is now

the target date, I think we could move in the direction of producing results which would end our problems. If the project that is under way were to receive the kind of endorsement that I believe it will receive, then surely the expenditure of the millions of dollars that would be demanded would very quickly restore confidence in the minds of the people of this area. It would certainly be an indication that we were coming forward with a project that in the initial stages would provide a great many temporary jobs and ultimately form the basis for attracting both primary and secondary industry to the Atlantic area, thus guaranteeing a bright future to the people and something that would be of benefit to all Canadians no matter where they live.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I must say, at the outset, that like Bossuet I feel somewhat crushed this evening by the amplitude of the subject proposed to us by the member for Qu'Appelle (Hon. Mr. Hamilton). And I am also very much aware, if I may use an expression that the new leader of the Conservative party (Mr. Stanfield) holds dear, of my intellectual limitations before the breadth of the problems submitted to us.

It is really necessary to be a living encyclopedia, a walking encyclopedia to answer all those questions on a five-hour notice. Indeed, the member for Qu'Appelle has mentioned just about all the problems, I repeat, just about all the economic problems that exist in Canada at the present time.

As a matter of fact, he mentioned the national policy on energy, including electricity, gas, oil, uranium and atomic energy, the national water policy, the agricultural policy, the forestry policy, the fisheries policy, the human resources policy, which comprises, I suppose, the whole problem of immigration and manpower. To complete the list, he also suggested a discussion on the misuse of all those resources, that is the pollution not only of water but of land and air.

It was only a start. Some members who took part in the debate, extended its scope to the extent of dealing with the continental shelf, area development and what not. All in all, Mr. Speaker, I feel somewhat overwhelmed by the great number of answers I should provide.

It is in circumstances such as these, Mr. Speaker, that some ministers think of the joys of opposition and I admit that this afternoon, seeing the leader of the New Democratic party forging ahead on the waves of his imagination, I rather envied the freedom which is his, in these circumstances. He just about said that we were wrong to be overly concerned with provincial jurisdiction. He also stated that in such a debate, we were wrong to worry about the views of the owners of certain concerns operating in fields such as gas and oil production. He almost said that we were also wrong to be concerned over the views of foreign governments on this matter, and that Canada should, once and for all, determine her policy on energy resources without giving much thought to what the rest of the world might think.

In his customary fashion the hon. member for Burnaby Coquitlam (Mr. Douglas) suggested hair-splitting, clear and precise contrasts. I am thinking, for instance, of the distinction he makes between continentalism and nationalism. I envy the position of anyone who can see things so clearly. As for me, I feel we are seldom given the opportunity of having to choose between continentalism and nationalism. I have sometimes said, half whimsically, half seriously—"*castigat ridendo mores*"—that sometimes, the best way to be a nationalist is to be a continentalist; as for me, I would not mind being occasionally a continentalist, were it for the sake of the nation.

The leader of the N.D.P. has the knack of presenting us with clear and accurate situations, of telling us we should make up our minds once and for all as to whether we should export our products raw or finished. As if the option were that simple. He knows or should know that in most cases the question is not whether we should export our products raw or finished, but whether we should export or not, trade our resources or just sit on them. International conditions force us to make some concessions, some disagreeable arrangements against which we are unfortunately nearly powerless.

Nevertheless, I am in agreement with the hon. member for Qu'Appelle when he says that a discussion on Canada's natural resources at this time would enlighten the people.

My intention was to do so while discussing my estimates, but my hon. friends will recall that after giving me advice for two days they passed my estimates without giving me the opportunity to answer all those remarks they so generously showered upon me.

I agree, then, that this discussion is useful, because it will provide, in my opinion, a welcome antidote to the obsession of some Canadians who visualize all our problems in Canada in the context of national unity.

Mr. Speaker, above the interests of ethnic and economic groups, above the interests of the federal and provincial governments, there is individual happiness. Such happiness, as St. Thomas reminds us, cannot be without a degree of material security, which presupposes the maximum use of natural and human resources.

You know as well as I do, Mr. Speaker, that the public, who has an understanding of those things, is quite aware that problems such as national unity, bilingualism and recognition of collective rights, are secondary as compared with the need for material security and the quest for individual happiness.

Therefore, among all the subjects suggested by the member for Qu'Appelle, I will take up a few—gas, oil, uranium—and I will leave it up to my colleague the Registrar General of Canada (Mr. Turner) especially, and to others, to discuss the water problem. However, if there is unanimity on the subject, I will deal with that matter tomorrow.

Mr. Speaker, my first point will be a little tedious but it is essential to the understanding of the argument I intend to develop and which is this. The dramatic, pessimistic, rebuking tone used this afternoon by some members is unjustifiable, un acceptable, after an objective analysis of the facts, and especially of power development in Canada, during the past few years.

I am the first, Mr. Speaker, to recognize the merit of the suggestions made in this house and I want to be the first to say that some very worthwhile ones were made this afternoon; they will be studied according to their merit.

But the debate of this afternoon left the wrong impression. The general impression that, in the last few years, the federal government has not done much as far as the development of Canada's natural resources is concerned, is false and I intend to prove it. The best way to do it, as you know, is still to use statistics.

• (8:20 p.m.)

[*English*]

I wish to mention some relevant statistics which apply to the natural gas industry. This subject is rather dull. What I have to say will not be as interesting as the flamboyant declarations of some other hon. members this afternoon, but my figures will prove my point.

When speaking of natural gas quantities I shall speak of production in millions of cubic feet per day. I understand petroleum and gas best, when talking of them, as being produced by the day.

For my demonstration I have selected 1960, 1963 and 1966, with estimates for 1967 where I have them. I have selected 1960 because that was the year when the government of that day, with the hon. member for Northumberland (Mr. Hees) leading the way, introduced a national oil policy. I selected 1963 because of the great event in that year, the coming into power of a Liberal government.

Some hon. Members: Oh, oh.

Mr. Pepin: And I selected 1966 because it is the last year for which firm statistics are available.

Mr. Knowles: This is just so much gas.

Mr. Pepin: Let me quote the production figures for gas in millions of cubic feet per day. The figures are as follows. For 1960, the figure is 1,615; for 1963, it is 3,315, and for 1966, it is 4,460.

When one analyses growth rates he arrives at the following results. The growth in production from 1960 to 1963 is extremely high, at 105 per cent, or 27 per cent per year. The growth rate for the period 1963 to 1966 is 35 per cent, or 11 per cent per year. Taking the day to day volume, we find that in the period 1960 to 1963 the growth is at the rate of 1,700 million cubic feet, or 517 million cubic feet more per year.

Taking the period 1963 to 1966 the growth figures are 1,145 million cubic feet, or an addition of 382 million cubic feet per day.

The figures on the production side for the period 1960 to 1963 reflect a fabulous growth. An "extraordinary growth" will suffice. At any rate, we have tremendous growth. That is explained by the construction, in 1957, of the trans-Canada pipe line, the benefits of which were reflected between the years 1960 to 1963. Of course, we shall see a similar benefit, once the new Great Lakes transmission pipe line becomes operational in 1968 and 1969.

With respect to gas exports, I shall quote first the general figures. In 1960, the figure, taken in millions of cubic feet per day, is 300; for 1963, the figure is 990, and in 1966

it has risen to 1,185 million cubic feet per day.

In 1969, when the authorizations of the National Energy Board and the federal power commission of the United States reach their maximums, we shall be exporting 1,605 million cubic feet per day. One can see the growth increasing, again taking the figures in million cubic feet per day, from 300 to 990, to 1,185 and then to 1,605. This is a beautiful growth and I cannot accept the tone of pessimism which prevailed in the remarks of some hon. members this afternoon.

If one looks at the percentages, he sees that exports rose by 230 per cent in the three year period between 1960 and 1963. I am not toying with figures; these figures are most complimentary to some members of the opposition, who were then in the government one of whom spoke this afternoon. The growth rate for the period 1963 to 1966 is 20 per cent.

Growth in volumes reflect a slightly better picture from my own particular point of view. In the period 1960 to 1963 we had an export growth of 690 million cubic feet per day (230 a year); between 1963 and 1966 that growth was 195 million cubic feet per day (65 a year). But if one takes the period 1963 to 1969, remembering that in 1969 transmission through the Great Lakes system will reach its peak, the figure for exports growth is 615 million cubic feet per day (205 a year).

The hon. member for Burnaby-Coquitlam (Mr. Douglas) does not think too favourably of exports. I am afraid, having listened to his remarks, that I am caught in the web of a dilemma. To my way of thinking exports are one means by which Canadian economic growth can take place. Exports bring in money from the United States and help with our trade balance and our balance of payments. This afternoon the hon. member seemed to say that if we did not export oil and gas, United States industry would rush to Canada. I should be glad to see a demonstration of the truth of his contention. The real point, however, is not whether we should export finished or raw materials; the point is, should we or should we not export at all?

• (8:30 p.m.)

I remind the hon. member of the recent decision with respect to the Great Lakes system. The hon. member's party made a great to-do, saying that we should not allow Trans-Canada's second pipe line to go to the United States. Just a few days ago, however, a $38 million order for the production of pipe line was given to Stelco in Hamilton. Some of the supporters of the hon. member's party in Hamilton are very glad indeed to benefit from this great contract. And because of our decision on the Great Lakes case, gas is provided to Ontario at a lower cost.

The hon. member for Burnaby-Coquitlam expressed concern this afternoon that we were not taking all the necessary precautions to ensure that Canada would benefit for years to come of the availability of sufficient gas quantities. How conservative can one be? At the moment, the life index of the Canadian gas industry is 32 years, possibly one of the longest in the world.

Consider the growth of the reserves. In 1960, known reserves amounted to 27.4 trillion cubic feet. In 1963 the figure was 32.8 trillion cubic feet and in 1966, it was 43.2 trillion cubic feet. This means that irrespective of the consumption of gas the known reserves are growing steadily and are capable of taking care of all foreseeable needs by Canada, leaving room for exports, too.

Let us turn to reserves growth rates. Between 1960 and 1963 the figure was 20 per cent; between 1963 and 1966, it was 32 per cent. We have nothing to be afraid about in this respect; the growth rate is good.

Now, some figures as to volume. Between 1960 and 1963 we discovered 5.4 trillion cubic feet of gas, (1.8 trillion per year), between 1963 and 1966, we see that 10.4 trillion cubic feet were discovered, (3.5 trillion per year).

I also have figures with respect to prices of gas. It seemed to me that at one point this afternoon I heard the hon. member for Qu'Appelle say that the cost of gas in Canada was as low as 6 cents while it was as high as 44 cents in the United States. This gives a false impression; the statistics I have, statistics which have been thoroughly checked, are altogether different. The cost of gas in Alberta, for example, to Trans-Canada Pipe Line purchasers was 13 cents in 1966; to the Alberta and Southern Gas Company it was 16 cents. In British Columbia, as purchased by the Westcoast it was 10 cents, but that was at the plant gate; at the wellhead it would be about 13 cents.

In the United States, in New Mexico, the average is 14 cents; in Colorado it is 14.1 cents and for the United States as a whole, 17 cents. Thus, the margins are not as extreme as they were made to appear this afternoon.

Policy Statement on National Resources

Let me now give the figures for the production of petroleum, in thousands of barrels per day for the same years. In 1960 it amounted to 544; in 1963, it was 787, in 1966, it was 1,013; and the estimate for this year is 1,150. This is a pretty good growth rate, Mr. Speaker—from 544 to 1,150 in six years. It would satisfy most countries of the world.

On the export side, in 1960, the figure was 123,000 barrels per day; in 1963, it was 265,000; in 1966, it was 385,000 and in 1967, the figure is 465,000.

Of course, I am in an impossible position because if hon. members opposite do not want exports I cannot please them by telling them that the rate of export is growing steadily, nor can I satisfy other hon. members who would like to see the export of even greater quantities. This is the difficulty in which the government constantly finds itself when asked to satisfy the demands of conflicting opposition parties. If hon. members on the other side were unanimous it would simplify matters, but of course this cannot be expected.

In terms of growth rate on the production side, the figure between 1960 and 1963 was 45 per cent (compound annual, 13 per cent); between 1963 and 1967 it was 46 per cent (10 per cent per annum). So the present government is doing as well, if not better than the previous government did—and I am paying homage to the previous government for having done quite well.

As to volume, still on production, the growth between 1960 and 1963 amounted to 81,000 barrels per annum, total increase being 243,000 barrels. Between 1963 and 1967 the growth rate was 91,000 barrels and total increase amounted to 363,000 barrels. This is pretty good, especially when one bears in mind the strength of the opposition in the United States to imports from Canada.

If we turn to exports we find that the figure for 1960-63 was 115 per cent or 29 per cent per annum—that is the growth rate—while between 1963 and 1967 it was 75 per cent, or 15 per cent per year. In volume exports during 1960-1963, increased by 142,000 barrels and in 1963-1967, by 200,000 barrels.

If we look at reserves, in millions of barrels, we find the figures are as follows: in 1960 the figure is 4,217; in 1963 it is 5,629; in 1966 it is 9,050. I would have to force myself considerably, with a reserved index of 21½ years, to appear pessimistic about this situation.

[Mr. Pepin.]

If we had time to turn to the figures relating to the production of electricity, the picture would also be found favourable. In 1960, in terms of billions of kilowatt hours, gross generation amounted to 116. In 1963 the figure was 124, and by 1966 it had risen to 160. Moreover I have statistics here to show that power development on the Peace river, on the Nelson river, together with construction expected from Churchill falls would raise this figure still further. The Fundy project mentioned a few minutes ago will enable yet further power to be generated, and hon. members know that the federal government is participating in at least two of these developments, the Nelson and the Fundy ones.

• (8:40 p.m.)

Coal production has been fairly constant since 1960 at about 11 million tons a year; there has been a slight increase in fact since 1963. As hon. members know, there is a good possibilty of exporting further quantities of coal from the Kootenay area to Japan, and the federal government has undertaken to temporarily subsidize western coal in order to make this feasible.

Hon. members are aware that the federal government has accepted responsibilties in attempting to reach a solution for the coal mining situation in the maritimes, which has become essentially a social problem.

With respect to uranium everybody knows that after a policy of stockpiling, and a temporary slow-down of production, uranium has again achieved status as a popular commodity throughout the world. It is expected that by 1974 demand will absorb all possible production from known reserves in Canada. By then production will reach some 11,000 to 12,000 tons per year. Hon. members have read in the press about recent uranium contracts signed by Canadian producers with Japanese and German interests, and so I shall not go into the details of those contracts.

Mr. Speaker, this is the energy picture, in statistical form, which should be the best way in which to pass judgment on the policies followed by the government, in aspects falling under its own jurisdiction.

Some hon. members have said this afternoon that the government's gas and oil policies are slightly outmoded and that the time has come to amend them. Let me deal with these policies in turn. With respect to gas I have already indicated what the growth has been—

Mr. Clancy: May I ask you a question? Are you still shipping offshore oil from Venezuela into Fort Churchill?

Mr. Speaker: Order, please. The hon. member should direct his question through the Chair.

Mr. Pepin: With respect to our gas policy I have already indicated the growth which has taken place in recent years, and have given a reassurance to the hon. member for Burnaby-Coquitlam about the future of that industry in terms of maintaining availability for Canadian development.

This afternoon mention was made of the role of the National Energy Board. I might not call what was said criticism, but certainly suggestions were made with respect to the board and its operations.

The gas policy of the government is to be found mainly in the National Energy Board Act, and with respect to prices is clearly defined in section 83 which reads:

> Upon an application for a licence the board shall have regard to all considerations that appear to it to be relevant and, without limiting the generality of the foregoing, the board shall satisfy itself that
>
> (a) the quantity of gas or power to be exported does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada having regard to the trends in the discovery of gas in Canada; and
>
> (b) the price to be charged by an applicant for gas or power exported by him is just and reasonable in relation to the public interest.

This afternoon we were asked what the national gas policy was. It is given there. It is the responsibility of the National Energy Board to assess if the export quantities and the export prices are acceptable or not in the Canadian interest. This is not done in a back room; it is done at public hearings. Anybody can attend those hearings. For example, if the government of British Columbia has fears about the future of gas supplies in their province and about deliveries of gas in British Columbia, it can send a representative to appear before the board hearings in Vancouver, and say so. This is all done in public. No shadows cover the subject. In addition, after finding out the facts the board has to produce a written report of possibly 100 or 200 pages explaining the why's, the when's and the how's of the decisions it makes.

The board's report is not a private document. From it the public can make a judgment, and if the board makes a judgment favourable to an applicant the government of Canada has to acquiesce in that decision. Then, as in the case of the Great Lakes transmission pipe line, the government must accept responsibility for its decision. If hon. members are not pleased with the government's decision they can criticize it, seek a special debate, and do whatever they want in order to bring it to the attention of the world.

In the light of these facts I am still a bit curious about the kind of changes my hon. friends opposite would like to bring about.

With respect to prices I could give a full explanation on the way in which prices are assessed by the National Energy Board. It follows a number of criteria which practice has taught it are reliable ones. It makes a comparison with the price of similar sales of gas at adjacent points in Canada. A second criterion involves a comparison with the price of similar exports. A third is a comparison with similar purchases from sources in the United States. Fourth, the board assesses the difference between price and costs. After all these considerations and others the board makes a decision.

I do not want to go into too much detail on this matter, but there are a number of systems of pricing. For example there is the "cost of service" basis, and the "straight contract" basis.

In the case of Westcoast Transmission the straight contract approach has created a problem. A contract was entered into in 1956 for certain quantities of gas at a price of 22 cents per thousand cubic feet. The hon. member for Qu'Appelle (Mr. Hamilton) read from the Borden commission report, which deplored the price mentioned in that contract, a price which was less than that charged to Canadian consumers. The hon. member deplores also the low price. I also regret it. Everybody in Canada deplores the low price in the 1956 contract between El Paso and Westcoast and Canada has a natural desire to correct this embarrassing situation. There is no doubt about that. One is not being original in taking this position.

However, if one examines the history of that contract he finds that the price was the condition which made the pipe line possible. At that time demand in British Columbia for natural gas was not sufficient to justify the construction of the pipe line. It is all right to rewrite history here this afternoon, but is it not more relevant to look back at the circumstances in which that decision was made. Apparently it was hoped at that time that further contracts would bring the price up,

and this definitely remains the hope of the Canadian government.

As the hon. member for Qu'Appelle mentioned, a further contract was decided upon some time ago between El Paso and Westcoast. This new "package deal" contract would have had the effect of increasing the price under the original agreement to a more reasonable level. But the United States federal power commission has refused to sanction this new contract.

Of course there is a natural reluctance on the part of the federal power commission to depart from the original contract. Its decision, as the hon. member for Qu'Appelle correctly said, was one that was essentially made in the interests of Americans. I have also read the dissenting opinion of commissioner Carver, and it is obvious that any Canadian would feel sympathetic to his observations. That is where the situation rests now. Westcoast has applied, in a hearing before the National Energy Board, for authorization of exports in accordance with the decision of the federal power commission. The National Energy Board will have to decide if these exports are in the Canadian interest.

• (8:50 p.m.)

This afternoon some hon. members took a certain physical pleasure in attacking the United States federal power commission. I do not intend to do the same thing for the very simple and good reason that in a recent decision, the one with regard to Great Lakes, the federal power commission went quite a long way in stating quite emphatically that in making the decision at that time they had in mind the Canadian interests. Members of the New Democratic party do not agree with this, but I should like to point out that the decision in respect of Great Lakes was made by the National Energy Board with the concurrence of the government of Canada as being in the best interests of Canada; and the federal power commission, when it agreed with that decision, also took that view.

Mr. Douglas: That was on second thought.

Mr. Pepin: Whe have already had a debate on that subject and I do not think we should continue it now. This afternoon I had the feeling that some hon. members would be almost willing to recommend that we should get rid of the National Energy Board in Canada and suggest that the United States government get rid of the federal power commission. To use the words of the hon. member for Burnaby-Coquitlam (Mr. Douglas), I think this deserves second thought; I think we should think about this quite a number of times because, as hon. members know, there is less regulatory action in both countries in respect of oil, but that does not mean that negotiations between the two governments are much easier on the oil side than they are on the gas side.

Anyway, for the time being we have a gas policy and the National Energy Board has a regulatory function to implement it. If the board decides to allow the Westcoast application at a price acceptable to the federal power commission, then the decision will come to the government of Canada and the government will, as in the case of Great Lakes, discharge its responsibility. If members are not satisfied then they will have full opportunity to criticize the decision in the same way they have taken the opportunity to criticize in the past.

[*Translation*]

Mr. Speaker, a few words before concluding on the matter of oil policy. I pointed out a while ago the growth in production, reserves and exports in that field.

Obviously, everyone in Canada, the producing companies, associations of producers, provincial and federal governements are attempting, to increase oil production as well as exports which are often linked to increased production.

One of these projects is the celebrated pipe line to Montreal, the purpose of which is to bring to the eastern Canadian market a part of the western Canadian production. Very serious studies have been made on this matter. Some authors say that the price of a barrel of oil shipped from the west to Montreal would be rather higher than the price of a barrel of oil purchased on the world market in the present situation. Others say that the difference is not sufficient to reject the construction of the pipe line; they refer to other benefits, that is marginal benefits, respect to taxation, industrial development, etc., to urge construction of the pipe line. There is then an honest and interesting discussion on the matter. It should be said that the subject is under constant review by the National Energy Board and the government of Canada.

Indeed a few months ago, IPAC the Independent Petroleum Association of Canada commissioned a research project on the pipe line to Montreal and we now have the Levy report. Mr. Levy is an international expert

living in the United States. And he precisely recommends to the Canadian independent producers to concentrate for the time being on seeking an increase of Canadian exports to the United States and, particularly, to the Great Lakes area. So, here is an opinion which for the moment at least—no one knows what will happen in five years—has the support of the "independents", of the independent producers of oil in Canada, a generally accepted opinion in Canada. For the time being, we should concentrate on increasing exports to the United States.

Mr. Speaker, I said that the national oil policy introduced in 1961 has given excellent results. The hon. member for Burnaby-Coquitlam made considerable use of it when he was premier of Saskatchewan and there are even people in Canada who claim that he has made excessive use of it and that Saskatchewan should have had a somewhat more conservative—it is the only word that comes to mind—policy on the best use of her resources.

That very policy, the national oil policy, has also made possible the development of tar sands in the Athabaska area. In fact the plant built for that purpose has been officially opened only a few days ago. With regard to the use of tar sands, Canada is in the forefront. The United States is far from ready to develop its own tar shale deposits. We are ahead of them in that field.

The national oil policy we are now pursuing prevented Canada from being unduly affected with regard to its oil supply by unfortunate international events, such as the recent political trouble in the Near East. That policy cannot be that bad, since it enables us to live through such crises and even to be helpful to other countries in such circumstances.

The hon. member for Qu'Appelle said this morning that targets, objectives, should be established, that we should define the production volume to be reached two, three, four or five years hence and what our desirable export goals should be.

My impression is that this is what he meant. His suggestion is not out of place.

The Conservatives wisely introduced such targets in 1961. At the time, objectives had to be defined because it was necessary to reverse or change the trend. But today we have only to follow up on a clearly defined course which, for all practical purposes, has proven profitable.

In fact, we do have such targets, such goals, namely, to continue our present policy, to develop optimum and maximum production in Canada, to export to the United States as much as possible and desirable, so as to secure very valuable currency.

This policy is well-known to the public at large. I feel that it is approved by provincial governments, and, as a rule, by industry. It could be argued that oil prices should be reduced in Canada; in that respect, it is interesting to note that oil prices recently went down by 2 cents in the Montreal area, in spite of the rather unpromising international situation.

That, then, is the present oil situation in Canada. We are trying to develop as much as possible our exports to the American markets.

It is that context that the Chicago loop project is found. My hon. friends know that Interprovincial Pipeline has asked for a presidential licence. We are awaiting the American government's decision. We hope, of course, that it will be favourable. And if it is, it will be the happy ending of negotiations that have lasted now for several months.

Mr. Speaker, I have tried to reassure my hon. friends in presenting to them an objective picture of the situation of energy resources in Canada, by showing them that so far as production of gas, oil, uranium, or coal is concerned—and I could have added hydro power and atomic energy—there is no reason to be pessimistic.

I have also attempted to show that we have an oil and a gas policy. Those policies are certainly creditable, they have undergone the test of success; however, success in that field is always relative but I think that I have proven that it was still tremendous in those fields I have especially enlarged upon.

• (9:00 p.m.)

[*English*]

Mr. Speaker: Order, please. Is the hon. member for Qu'Appelle rising for the purpose of asking a question?

Mr. Hamilton: Yes. I should like to ask the minister two questions. The first arises from his statement that the deal originally forced upon Westcoast because of its poor bargaining position in 1954 was based on the facts as they existed at that time. Liberal members applauded that statement. Does the minister reject the findings of the royal commission in 1958, that this was a bad deal for Canada, and that even though a new agreement

could not be made retroactive, when and if any future supply of gas was requested by this company the losses would have to be recouped by an averaging of the price on the next contract? Does the minister repudiate that recommendation of the royal commission in 1958?

Mr. Pepin: On the contrary, I do not have to repudiate this recommendation. This was a recommendation of a commission, and it is quite valid for a commission to speak that way. However, I stand on what I have said with respect to the law as it now exists. The recommendation of the Borden commission is a relevant one, but it is only an opinion. The National Energy Board Act gives that board the right to make decisions in respect of these matters. It has the power to decide whether exports are desirable in relation to those applications coming before it, and it must decide whether the price is acceptable. I am quite sure my hon. friend will agree that this is the procedure that must be followed. When the board has all the relevant facts it will then decide whether further exports from Westcoast to El Paso should take place at the price indicated at the hearings. If the National Energy Board decides the exportation should be allowed, it will do so only after a complete analysis of the situation. Then, as I have suggested, the government of Canada will have to accept its responsibility in agreeing or disagreeing with that decision.

Mr. Hamilton: My second question relates to the last part of the minister's statement. In view of the fact that the royal commission recommended that in any future agreement with this company, which is no El Paso, the price should be averaged out over the entire agreement in order that Canadians should not be subsidizing the United States, is the minister prepared to state, so everyone in this country can understand, that the Canadian government accepts the principle that Canadian people should not subsidize United States consumers of gas? Is he prepared to state now that the price under any new agreement should be averaged out over the entire agreement period in such a way that the United States consumers will pay slightly more than Canadian consumers do for this gas? What is the minister's position in this regard?

Mr. Pepin: I do not think I should be pressed to express an opinion on this subject. The members of the National Energy Board are intelligent people and know all about the history of this case, about the Borden commission recommendations as to the price of gas in Canada and the United States. If that board makes a decision favourable to Westcoast it will be forwarded to the government and the government will then have to make a decision and in so doing, give an answer to the question asked by the hon. member. Even if the government tried to avoid giving such an answer it could not do so. I am asking the hon. member to be patient, because in due course he will receive his answer.

[Mr. Hamilton.]

Mr. Hamilton: I am very grateful to the minister for stating clearly his position. We now have a clear idea of the distinction between what was done in 1954 and what is apparently now to be—

Mr. Speaker: Order, please. The hon. member cannot speak a second time.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, in one way I regret that the subjects placed before the minister were so broad, because he was unable to deal with the question of water and air pollution. I am sure he would like to spend some time in reference to this subject. In view of the fact that we are now dealing with the subamendment perhaps the minister will find the opportunity to deal with this important matter when speaking on the amendment.

This is the first opportunity we have had this session to discuss water and air pollution as this relates to our natural resources. At this time I should like to make a few comments on the subject, because pollution involves a question of urgency which is becoming more urgent at every moment. We could spend hours cataloguing the dangers of pollution in water, air and soil wherever they are occurring. In a general way I should like to outline the problems we are now facing in this country, having regard to pollution.

Water pollution is occurring as a result of the inflow of sanitary municipal wastes, industrial wastes, biochemical sprays, ground waters from mines and excavations, and even as the result of heat generated in highly industrial areas which damages the water and contents. We are experiencing serious air pollution as a result of industrial discharge and motor vehicle exhaust. We are also discovering soil pollution. Although this is not mentioned as often, it is considered serious by those who are interested in pollution generally. A great deal of soil pollution occurs as a result of chemical sprays, insecticides and underground dumps. In general those are the areas in which we face a problem.

During the past few years we have had one conference after another on the subject of pollution. Let me list some of the main ones, beginning with the conference on water resources management in May of 1966, sponsored by the conservation council of Ontario, held in Toronto. I was fortunate enough to attend that conference. We had, too, the resource ministers conference in Montreal about a year ago, in November of 1966, a gigantic and expensive undertaking which came up with a report and definite recommendations for the federal government to consider. We had President Johnson's conference on international water earlier this year, which the Canadian government attended and to which it made representations. There was an international symposium on eutrophication at Madison, Wisconsin. Then on November 13 this year, in Toronto, the Canadian institute on pollution control, which is a national organization made up largely of municipal, provincial and federal organizations, meets to hold its annual conference.

• (9:10 p.m.)

We have had these conferences one after the other, year after year, and some progress has been made. But I would point out that the progress made has been much less than the Canadian people expect. In addition to conference after conference being held, we have received report after report. The files in which I keep a record of everything I can find with regard to pollution are full of reports. These reports have come from every conference that has been held. They have come from the International Joint Commission and include studies on pollution in lake Erie and lake Ontario. They have come from numerous organizations. They all contain suggestions and recommendations, express fears, and generally request that action be taken.

The International Joint Commission made an interim report in December of 1965, which is almost two years ago. That commission said they were making an interim report because the situation was so terribly serious they did not want to wait until they had completed their study and made a final report. One of the difficulties of the work of the International Joint Commission is that they deal only with what is referred to them. I think the most interesting aspect of this matter is that in their interim report on lake Erie, lake Ontario and the St. Lawrence river they made fairly specific mention of the areas of pollution, but because the Niagara river was not mentioned in their terms of reference, they made no comment on it.

As we know, there has recently been a great furore raised about the state of the Niagara river, which connects lake Erie and lake Ontario. But because this river was not mentioned in the terms of reference of the International Joint Commission, it was not referred to in the interim report. I think this is typical of the way the question of pollution has been dealt with. This problem has been dealt with bit by bit and piece by piece as subjects are raised and complaints made. The government has made some effort in this regard which gives the impression that they are thinking about the problem. These conferences and commissions have made recommendations which the federal government could undertake and which would not infringe upon other jurisdictions.

Suggestions have been made that there should be a national pollution abatement code. Suggestions have been made that there should be federal co-ordination of the pollution control efforts of all the provincial governments. It has been suggested that the federal government undertake more complete and intensive research, involving the National Research Council and various research organizations within government departments. It has been suggested that the government through its agency should set up monitoring stations within national and international waters. It has been suggested that the government should recognize the emergency that exists in the question of pollution and should provide financial aids and incentives to cure the problems of pollution in industry.

There was in the budget, as I recall, a slight nod in this direction; but it was so slight that I cannot at the moment remember what it was. There was, I believe, some fast write-off for pollution control equipment that was installed. But every report has asked that the federal government take a lead in pollution control. It is not so much what the federal government does, but they should take a lead and give the country the indication that they consider the question of pollution control one of very high priority.

I know, from the efforts the minister has made, that he gives this question high priority. I only wish he could persuade his colleagues to go along with him the whole way, because we are now facing an emergency. We recognize that some things have been done in this regard. The minister has announced that ships for lake research are being put into service to step up the water

research on the lakes in order to find out what the real situation is with respect to pollution. We recognize that research is a necessary beginning for any program. The government has also established the research institute at Hamilton, which is in furtherance of the policy of finding out what is wrong, and taking a long, hard look before we rush into dealing with these problems. There have been some tax incentives in respect of these problems, and I give the minister credit for having taken these steps in the right direction. However, I wish he would take some more steps and start running in this direction. But the steps are there.

Mr. Speaker, I wish to urge tonight that these are only starts, and timid starts at that. We cannot wait until the research has been completed before going ahead with some positive action in respect of pollution control. I think the minister is working under some difficulty because of jurisdictional problems. They are not solely and necessarily provincial-federal jurisdictional problems, because when we talk about international waters lying between Canada and the United States we find that the International Joint Commission is charged with these matters, and that they come under the jurisdiction of the Secretary of State for External Affairs (Mr. Martin) and not the Minister of Energy, Mines and Resources.

When we talk about air pollution we are dealing with the Minister of National Health and Welfare (Mr. MacEachen) and not the Minister of Energy, Mines and Resources. We also have a very strong anti-pollution piece of legislation in the Department of Fisheries, which has taken a strong lead in this field. Also of course we have the problems of federal-provincial jurisdiction. These are matters which have to be considered.

There are some questions I should like to ask on this matter. It is perhaps unfortunate that the minister has already replied to hon. members who have spoken in the debate, but he may find someone else to answer my questions. We wonder whether there are plans under way, beyond the council of resource ministers, which is an informal organization, for a federal-provincial conference to develop a pollution abatement code and for the establishment of joint efforts in standards and research into pollution control.

• (9:20 p.m.)

A lot of us saw the television broadcast last night in which the Ontario minister of health and the federal minister of health discussed the question of air pollution which has been raised in southwestern Ontario. Dr. Dymond, the Ontario minister of health, seemed to be quite willing to accept some federal assistance, supervision and direction in connection with air pollution problems. As he pointed out, what is the use of clearing up problems of air or water pollution in one province when the same air and the same water may pass into another province or another country? He did admit therefore that Ontario, and I presume other provinces as well, would be willing to have the federal government take a strong position.

We would like to know whether federal efforts are going to be concentrated in one department, so far as air and water pollution are concerned. In answer to a question recently, the minister stated that air pollution would be left to the department of health. This does not matter, really, and I am not suggesting that we set up another department. I hope that is clear. I think the problems can be settled within the jurisdictions that we have and the last thing I would like to see would be another department to deal with this problem.

Mr. Pepin: May I be permitted a short interruption?

Mr. Aiken: Yes.

Mr. Pepin: I think my hon. friend is referring to a decision made by the Minister of Energy, Mines and Resources, in his capacity as co-ordinator of the anti-water pollution program to give to the minister of health responsibility for pollution control in federal buildings. I believe my hon. friend is referring to this decision, and in that case the minister was exercising his power as a co-ordinator.

Mr. Aiken: I recognize the two hats the ministers wears. Certainly, I am glad to hear he has been able to delegate some of his authority to another minister. I am very happy also to hear, if I understood correctly, that the Minister of Energy, Mines and Resources is chairman of the cabinet committee on pollution control in general. If I am wrong, then perhaps the minister would correct me.

Mr. Pepin: I am saying that, by legislation approved a year and a half ago, I was given a co-ordinating capacity in the field of water pollution. I do not have similar responsibilities in matters of air pollution. The co-ordinator of course must bring together all the

departments to which the hon. member referred a few minutes ago, and a few more.

Mr. Aiken: I thank the minister for his explanation. Now he has made it very clear he is the man responsible, so we can pin the whole thing on him. Perhaps he will take the credit with the blame. I assume, however, the minister is presenting the cabinet with some conclusions and plans. I certainly hope he does.

Another question we would like to ask is whether the government really intends to await the completion of studies and research before taking action on pollution control. I feel that at this point the government has to take an educated guess as to where they are going. There have been fairly extensive reports over the last two or three years and at the conference a year ago some very specific proposals were made about what the federal government could do. I feel we can study this problem to death. Some action has to be taken. There have been water samples taken and plenty of research done.

Two years ago the International Joint Commission made an interim report, and the government should now be in a position to take some interim action. The people of this country are expecting it. Finally, I should like to ask the government in what position they place pollution control on their list of priorities? When we come to this question, Mr. Speaker, the opposition has to be very careful. If we suggest to the government at this shaky stage in our economy that they should spend more money, they will say that we cannot ask them to spend more on the one hand and on the other to reduce expenditures.

However, priorities must be established. You have priorities for expenditures and priorities for legislation. I feel the time has come when the government has to declare itself as to where they place pollution control. Within the next few weeks a number of pieces of legislation dealing with social matters will be coming before us. I refer to the questions of capital punishment, divorce and so forth. These are important matters. However, I get the impression that we are having this legislation thrown at us so we will not notice a lot of other unpleasant things that are happening to our economy, that are happening to our country. The purpose may be to remove attention from the question of the economy or the question of pollution, by bringing up questions which stir up everybody and upon which feelings run high. It is the old game of providing circuses for people so that they will not notice they are hungry.

We are not satisfied with this way of running the government. The question of pollution control has been placed down and down on the list of priorities, until at this time I do not believe it stands very high, despite the fact that it is probably the most urgent problem we have in this country today. As I said earlier, Mr. Speaker, I have no doubt the Minister of Energy, Mines and Resources, in his capacity of being in charge of the water resources of Canada and in his capacity as chairman of the committee looking into pollution control, is pressing the government for priority for his particular interests. I wish him well, and I am sure we all do, in his effort to squeeze the Prime Minister (Mr. Pearson) and the Minister of Finance (Mr. Sharp), as well as his other colleagues, to the point where they will say, "All right, we will have to give in; we admit that you have the No. 1 priority at the moment, after that of our economy."

I think the time has come when this should be done. I would like to go with the minister, but I probably would not be very helpful. I believe a very strong case ought to be made for priority in this particular field. The public has become aroused. The problem is not the same every week. A week ago the Niagara river, an International Joint Commission problem, was in the news. This matter was raised by Senator Robert Kennedy of the United States, who went so far as to say that the Niagara river was a sewer. I think he has the right to say this because the United States puts more sewage into the Niagara river than we on the Canadian side. Incidentally, this is something that generally we politely overlook, but it is very clearly set out in the report of the International Joint Commission, and Senator Kennedy also refers to it in his statement.

• (9:30 p.m.)

I think that the Secretary of State for External Affairs might engage himself in trying to put some pressure on the United States for pollution control. The minister does not seem to be getting very far with other matters and perhaps he should change direction and try pollution control; he might get some results in that matter. This would be a problem for his department, not the department of the Minister of Energy, Mines and Resources (Mr. Pepin). I therefore urge the Secretary of State for External Affairs to divert his attention toward something along this line which would benefit all Canadians.

I suggest it is not enough, Mr. Speaker, to say that this is fundamentally a provincial problem. Nor is it good enough to say that studies are under way, or to say that we have not yet reached the danger level. When we do reach the danger level it will be too late, and this is apparent from the Niagara river situation.

Last week the problem of air pollution around Sarnia came to light, and there seems to be a great difference of opinion as to how bad the situation is and what is causing it. Probably the truth of the matter is that it is not as bad as some people contend but is a lot worse than some others realize. Problems like this will arise from time to time in different parts of the country. It always seems that one case in particular upsets people whereas the general situation does not.

Over the last two or three years there have been instances of air pollution in one place, water pollution in another place, and even soil pollution in some other place. In each case people get extremely upset and worked up, some attention is given to the question, the problem is settled or it dies down, and then within a very short time another problem arises. I suggest we have now reached the stage when the federal government should regard pollution control as of national concern, instead of as ten separate provincial problems and two territorial problems. I think that most provinces at the present time are quite prepared to co-operate with the federal government on this question.

There are several dangerous situations which must certainly be corrected, Mr. Speaker. Just this morning the Prime Minister (Mr. Pearson) promised that he would make a statement soon in connection with pollution control. But we do not want a statement, Mr. Speaker; we want an announcement of policy. The mere use of the word statement indicates that he will get together some kind of answer that will satisfy us for a few days, and he will say that he will look into the question.

What I should like to see from the Prime Minister, Mr. Speaker, is an announcement that the federal government has taken cognizance of the dangers of pollution in Canada; that it has awarded the subject very high priority on its spending program; that it has decided to set up a national pollution control advisory council; that it has decided to set up a national pollution abatement code; that it has decided to assist the provincial governments in meeting the problem of pollution within the provinces; and that the federal government has now decided that the time has come to deal with this problem through an emergency crash program. Short of that, Mr. Speaker, the people, who are very concerned and upset, will feel that insufficient attention is being given the problem.

Finally, Mr. Speaker, before I take my seat I should like to repeat that the government must decide upon priorities. It is not necessarily a question of spending money; in a lot of instances machinery can be set in motion under existing programs. All of the provinces have anti-pollution bodies, and the only expenditure required would be the provision of some financial incentives. The problems of air pollution in particular are such that financial incentives are almost essential to the institution of any form of pollution control.

The subamendment makes reference to appropriate national standards to cope with pollution and also to any amendments to the Criminal Code of Canada that are required. I am prepared to go along with this wording of the subamendment and to support it, because it does set out fairly clearly my own view about remedying the situation.

So far as amendments to the Criminal Code of Canada are concerned, in general I agree with this, though a careful study should be made. Because if the production of materials that cause pollution was a criminal offence the law would be most difficult to enforce. In many cases people would be laid off work if the law was fully carried out. We have to take these measures very gradually. If the amendments to the Code were properly clothed with protection for people presently working in industry and we brought about pollution control gradually, then I would be in favour of them. Therefore Mr. Speaker, I make this strong plea to the minister and the government. We recognize that some measures have been taken, but the effort is not yet an all-out one, which is what we really need.

Mr. Pepin: Would the hon. gentleman permit a question. I am very keen to have all the advice I can get from my hon. friend. He is aware that there is a pollution problem with regard to the Ottawa river. He is also aware that on behalf of the federal government I have offered to pay the full cost of a project study of the situation which would lead to further remedial measures. I say "further" because some have already been taken. I am not yet fully apprised of the answer of the two governments, but would my hon. friend tell me what he would do if the two provincial governments refuse to participate?

• (9:40 p.m.)

Mr. Aiken: Mr. Speaker, in the first place I fully concur in the minister's proposal relating to the Ottawa river project. I think it is an excellent pilot project. Without detracting from the credit due any other member of the house I should like to remind hon. members that this was my idea two years ago, even though certain other members brought the matter up earlier this year. I do not claim sole authorship of the suggestion because the hon. member for Carleton (Mr. Bell) has also proposed this at various times. Having done that I am certainly not in a position at the moment to be critical. I think it would be an excellent pilot project. If the two provincial governments give their necessary consent and the federal government pays the cost of a pilot project, I think we shall see a job that will be well done and that will have earned our praise.

The minister asked what I would do if Quebec and Ontario refused to combat pollution on the Ottawa river. I do not know. If I were in the minister's position I should sit on this for a while.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, addressing myself to the subamendment which was moved earlier today by the hon. member for Burnaby-Coquitlam (Mr. Douglas) my leader, I wish to say that I, as he did, viewed the program the C.B.C. carried yesterday evening on television. In my opinion that program and the arrangements for showing it in prime listening time are in the best traditions of the C.B.C. The presentation was well balanced, with interviews being shown of lay and professional people. The Canadian people had an opportunity, through this program, to assess what is happening in the air they breathe. The program confined itself entirely to the presentation of questions to do with air pollution. I thought the corporation was wise within the limits of time available not to deal with other areas of pollution, such as soil and water pollution.

In my view the program had one and only one serious weakness, and that weakness could not be attributed to the C.B.C. That weakness was caused by a member of the government of Canada. As a member of the parliament of Canada I felt sadly let down by the pitiful spectacle the Minister of National Health and Welfare (Mr. MacEachen) made of himself last night. Earlier this evening he was in the house; I wish he were here now, because I want to tell him how I feel.

I regret that at this jucture in this country's affairs the minister, who is primarily responsible at the federal level for the health and welfare of the Canadian people, appeared on a program such as the one we viewed last night and, after shilly-shallying around, had nothing to say. His performance was a disgrace to this parliament and I will not mention what I think the effect of that performance may be on the government of the day.

Some years ago an hon. member, by a slip of the tongue, referred to the then minister of national health and welfare as the minister of wealth and helfare. The latter part of the designation seems appropriate when applied to our present minister, especially if he continues to display his attitude of studied indifference to this question of air pollution, one that is of such vital concern to the health of the Canadian people.

The program on television summarized, in effect, the subject matter of a number of articles on this insidious and steadily growing problem that have appeared in responsible publications, magazines and newspapers. The Toronto *Globe and Mail,* for example, in the last year has carried a large number of articles on this subject.

The minister seems content to allow the Canadian people to suffer the kind of "helfare" they are being subjected to in urban centres, and in certain major industrial centres of the country. If the minister feels that there is no problem, or if he feels that the problem will go away if nothing is done about it, for goodness sake let him stand up in the house and say so. That way we can assess his attitude to the responsible position he presently fills.

I was disappointed in today's question period. I was more than disappointed; I was sadly disillusioned. Last night I was prepared to reserve judgment on the Minister of National Health and Welfare, thinking he might not be in a position to make an announcement of government policy where the activities of more than one department were involved. I was disappointed with the Prime Minister's answers today. They were little better than the answers the Minister of National Health and Welfare made on television last night.

The hon. member for Parry Sound-Muskoka (Mr. Aiken), who preceded me in the debate, said that he felt the Minister of Energy, Mines and Resources (Mr. Pepin) showed interest, as a minister, in the subject of pollution. In the ensuing cross questioning it

became apparent that the Minister of Energy, Mines and Resources has jurisdiction in the field of water pollution. If I understood correctly, that minister said that the Minister of National Health and Welfare is responsible for pollution in federal buildings—

Mr. Aiken: Does the hon. member not mean that he is responsible for anti-pollution measures?

Mr. Barnett: I suggest, if the attitude of the Minister of National Health and Welfare on television is to be taken as an indication of how he feels toward his responsibilities in the field of pollution control, that he is not equal even to those responsibilities. If we are to get action on what most in this country believe to be a serious and major problem, the federal government must display a better attitude than that which its minister displayed on television last night. We all want to know where the government stands on this matter. Is anything being done about pollution?

Tonight the Minister of Energy, Mines and Resources spoke at length about hydrocarbons. He did not refer to the entire field of pollution control. Although I know he cannot deal with all subjects in one speech, I wish to remind the minister that though hydrocarbons, in certain forms, are sold as an important commercial product, those same hydrocarbons, in another form, produce pollution. The minister did not take the house into his confidence, but I hope that we shall hear answers to the kind of questions the hon. member for Parry Sound-Muskoka raised.

In my hand I have a copy of a return furnished in reply to some questions that the hon. member for Kamloops (Mr. Fulton) asked on March 21, 1966. The hon. member asked:

> How many branches or agencies of the federal government, including crown companies, are engaged in the study and/or control of the pollution, use, or disposition of the waters of Canada,—

The return from the minister of mines and technical surveys, as he was then, shows that four departments or agencies were engaged in such studies, namely marine sciences, water research and water resources, all of the Department of Mines and Technical Surveys, and the Atomic Energy Control Board.

In answer to the question whether there was a cabinet committee on water use policy, and, if so, when was it constituted, the department says:

> The cabinet standing committee on trade and resources, created in 1964, includes water use in its term of reference.

We are not told whether the reference has anything to do with pollution.

The answer given by the Department of Fisheries mentions the Fisheries Research Board. The Department of Forestry and Rural Development tells us:

> The Forestry Branch is indirectly concerned with one aspect of stream pollution, as an extension of its programs of research on the chemical control of forest defoliators, and through co-operative studies with the Fisheries Department to develop aerial spray formulations that present minimal hazards to aquatic fauna.

The Department of National Health and Welfare says there are two divisions of the department which are involved in the study and/or control of fresh water pollution, use or disposition.

Oddly enough, in answer to the question whether there is a cabinet committee dealing with the subject—a question to which the department of mines and technical surveys had answered, yes—the Department of National Health and Welfare said, no. Perhaps this is another indication that the minister responsible for this department does not know what is going on. The reply given is:

> No. However, an advisory committee on water use policy was constituted in 1959 composed of deputy ministers of various government departments.

The Department of Agriculture mentions the prairie farm rehabilitation administration. The Department of Industry answers that the National Research Council is engaged in scientific and engineering research activities the results of which might be of interest in the study or control of pollution of water. Mention is made of the associate committee on water pollution research, the associate committee on waves and littoral drift and the Canadian national committee for the international hydrologic decade.

Next we find the department of northern affairs and national resources replying as follows:

> The Canadian Wildlife Service is engaged in the study of fresh-water pollution resulting from the use of pesticides and biocides . . . and is also engaged in the study of use of fresh-water as it relates to the management of the migratory bird resource throughout Canada and to sport fish in the National parks of Canada.

Hon. J. W. Pickersgill, minister of transport at that time, answered that the Atlantic Development Board was responsible for some activities in the field of water control.

About the same time as this inquiry was made I myself put a question on the order paper and received a similar answer from the various departments through the secretary of state; the replies were more or less parallel to those given in answer to the hon. member for Kamloops (Mr. Fulton). The answer I received was more specific with respect to activities in the field of pollution control. However, it gave the same impression that there was a sporadic, scattered, fragmented approach to the problem of pollution; that responsibility for study and action was scattered among various departments and agencies of the federal government and that there were a few thousand dollars scattered here and there throughout the estimates for work related, directly or indirectly, to the study, control and reduction of pollution.

The question we want answered is whether the situation today is any different from the situation which existed in March, 1966. As far as I know, no statement has been forthcoming to indicate that there has been any change from that scattered, hodge-podge miscellaneous effort. The hon. member for Burnaby-Coquitlam and the hon. member for Parry Sound-Muskoka raised the question of federal legislative control. My leader mentioned section 165 of the Criminal Code which makes the creation of a nuisance endangering health, life, safety and so on an offence. In addition, of course, we have the federal Fisheries Act. Perhaps I should read to the house section 61 of that act. This particular section is, of course, concerned only with fish, and states:

> Every person who causes or knowingly permits to pass into, or puts or knowingly permits to be put, lime, chemical substances or drugs, poisonous matter, dead or decaying fish, or remnants thereof, mill rubbish or sawdust or any other deleterious substance or thing, whether the same is of the like character to the substances named in this section or not, in any water frequented by fish, is liable, for the first offence, to a penalty of twenty dollars and costs, for the second offence to a penalty of not less than forty dollars and costs, and not more than eighty dollars and costs, and also in addition thereto a further penalty of not less than ten dollars and not more than twenty dollars for every day during which such offence is continued; and for the third or any subsequent offence, to a penalty of not less than one hundred dollars and costs, and not more than two hundred dollars and costs, and also in addition thereto a further penalty not exceeding twenty dollars for every day during which such offence is continued.

It is doubtful whether these punitive or restrictive pieces of legislation are really the answer; the emphasis is not placed, in the main, where I believe most hon. members of this house feel it should be placed. I agree with what the hon. member for Parry Sound-Muskoka had to say in this connection. We think in terms of the old adage which says that an ounce of prevention is worth a pound of cure. In other words, we want a positive program designed to halt the pollution of our waters, our air and our soil, something which can only be accomplished by co-operation between government agencies and all those in our society who are concerned with this problem.

May I call it ten o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order under 39A deemed to have been moved.

• (10:00 p.m.)

[*Translation*]

DOMINION-PROVINCIAL CONFERENCE—THE NATIONS PRINCIPLE

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, the two-concept philosophy of the Conservative party is an historic fact.

In 1911, the Quebec ultra-nationalist elements joined with the Imperialists, and the famous conscription which was highly denounced later on in the province of Quebec, resulted from that combination. A little later, in 1940-1945, Mr. Bracken's draft promoters joined with some so-called independents who came on the Quebec scene, the same ones who had also highly denounced Canadian participation in the world war.

Some time later, that same Conservative party—all this to prove its doctrinal hybridity—had in its bosom people like Jean-Noël Tremblay, an avowed separatist, who joined a John Diefenbaker who has always repudiated the two-nation concept.

At the last Conservative convention, Mr. Speaker, the famous two-nation concept became the war-cry of the Conservative party. Once again, the doctrinal hybridity of the party is manifest.

Now, what trick did the adoption of that stand hide? This subterfuge: that ideological deception, that political cant, was nothing but a wish or an attempt to live in concubinage with Daniel Johnson's Union Nationale. Now, Mr. Johnson was not taken in by that, because if the two-nation concept is to be implemented, it means, first of all, that we need a new constitution.

In his book where, precisely, he explains the two-nation concept, Mr. Daniel Johnson states that the only possible solution for him, is to draft a new constitution. The two-nation concept also implies, for the French-Canadian nation, the right to self-determination. I wonder if the Conservative party is prepared to go that far.

The two-nation concept also implies statehood for a nation, the French-Canadian nation then having the right to identify itself with its own state. The two-nation concept also means that the two cultural communities must be represented on a parity base within the central bodies, and that in spite of numerical disparity because the constitution exists precisely to substiute a legal ratio for a ratio of numbers. Again I wonder if the Conservative party is prepared to go that far.

In order to get such a legal ratio, such legal equality, it will be necessary to abolish federal-provincial conferences. That is the logical and normal outcome of the two-nation concept. If there are two nations in Canada, there cannot be federal-provincial conferences; there cannot be conferences where the province of Quebec stands alone before nine or ten other governments. Therefore if they are sincere and rational, the Conservatives will have to ask that federal-provincial conferences be replaced by others where representatives of the French-Canadian nation will meet with representatives of the English-Canadian nation. If they do not accept all the practical conclusions of such a concept as the two-nation concept, it means that they are jokers, that they merely want to live in concubinage with the Union Nationale and that they simply wish to perpetuate this hybridity of doctrine which has been characteristic of them until now.

And, Mr. Speaker, today we know that the party in power, the government party—

[*English*]

Mr. Aiken: I rise on a point of order, Mr. Speaker.

[*Translation*]

Mr. Choquette: Mr. Speaker, to continue and, even, to conclude my statement, I will say this. Since 1867, the Conservative party has always tried to conceal its character—

[*English*]

Mr. Deputy Speaker: Order, please. I should point out to the hon. member for Parry Sound-Muskoka (Mr. Aiken) that it is not usual, and certainly was not contemplated at the time when adjournment proceedings were instituted, that there should be any points of order during an adjournment debate.

Mr. Aiken: Then would the hon. member permit a question?

[*Translation*]

Mr. Choquette: All I know is that the Conservative party has adopted the two-nation concept. That concept was rejected by the retired leader—

[*English*]

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

[*Translation*]

Mr. Choquette: —Mr. John Diefenbaker, and the party has betrayed the views of its former chief who has, indeed, been ignominiously discarded at the last convention.

[*English*]

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

Mr. Deputy Speaker: Order, please. It would appear that the hon. member is not prepared to accept a question.

Mr. Aiken: No, because he doesn't know what he is talking about.

[*Translation*]

Mr. Choquette: I conclude by saying that we, on the government side, instead of preaching two doctrines, two contradictory theories, we have only one policy, that of promoting the development of the French fact in Canada, of reconciling the cultural communities in this country, but we will not act hypocritically as hon. members opposite have done since 1867 by associating the most reactionary and most imperialistic elements with the ultranationalist and, even, separatist elements, because Yvon Groulx, an acknowledged separatist, has run for parliament as a Conservative candidate. Jean-Noël Tremblay, a well-known separatist, sat here with Mr. John Diefenbaker as a member of the Conservative party.

That shows the historic hypocrisy of the Conservative party, the doctrinal hybridity of that group which will be denounced as such in Quebec at the next general election.

[*English*]

Mr. Dinsdale: Mr. Speaker, I wonder whether the hon. member would permit a question. Is he in favour of the institution of a monarchy for Canada?

[*Translation*]

Mr. Choquette: Mr. Speaker, monarchy has nothing to do with that. It is clear that the country's constitutional evolution will have as its normal and logical conclusion the abolition of monarchy in this country because it is our duty to Canadianize our institutions.

We are no longer a colony, we are a sovereign nation. Therefore, let us abolish all symbols of colonialism. The hon. member for Brandon-Souris (Mr. Dinsdale) should be the first to advocate that, because I went to London with him last year and before the delegates of the various countries of the British commonwealth, he was the one who asked to sing "O Canada" because he was proud of our national anthem. He is the one who asked that "O Canada" be sung.

[*English*]

Mr. Deputy Speaker: Order. Will the hon. gentleman be seated please.

An hon. Member: Two countries; three flags.

Mr. Deputy Speaker: Order.

Mr. Dinsdale: It has everything to do with hypocrisy.

Mr. Aiken: Mr. Speaker, I rise on a point of order—

Mr. Deputy Speaker: Order. I should like to point out to the hon. member for Parry Sound-Muskoka that it is not usual to accept points of privilege or order during the proceedings on the adjournment motion.

Mr. Macdonald (Rosedale): He is establishing a contempt for the rules.

Mr. Aiken: Mr. Speaker, would the hon. member permit a question? Has he read the Conservative resolution at all?

Mr. Deputy Speaker: Order, please.

Mr. Aiken: Has he read it? Does he know what he is talking about?

Mr. Choquette: Do you want two nations?

Mr. Deputy Speaker: Order, please. The hon. gentleman's time has expired.

[*Translation*]

Mr. John R. Matheson (Parliamentary Secretary to the Prime Minister): Mr. Speaker, could I answer in the other official language please?

[*English*]

Mr. Aiken: Mr. Speaker, this is not the purpose for which the adjournment debate was authorized.

Some hon. Members: Order.

Mr. Deputy Speaker: Order, please.

Mr. Aiken: It was not the purpose that one member of the government should speak like this, and another member of the government reply.

Mr. Deputy Speaker: Order. I have some sympathy with the point of view of the hon. member for Parry Sound-Muskoka. It raises a question, but I think this would be the wrong time to consider it. I assure the hon. member, however, that I will have a discussion with Mr. Speaker concerning this point.

Mr. Macdonald (Rosedale): While you are taking that into consideration, Mr. Speaker, you might also consider whether the hon. member for Parry Sound-Muskoka has violated the rules in an attempt to prevent the hon. member speaking.

Mr. Deputy Speaker: The hon. parliamentary secretary to the Prime Minister.

[*English*]

Mr. Matheson: In reply I would like to refer my hon. friend to two addresses, one made by the Prime Minister at Banff, Alberta on October 15, 1967 and the other in Montreal last night, Sunday October 22, which I shall table. The Prime Minister pointed out at Banff on October 15 the following:

> Federalism by its very nature is always in a state of flux. For it combines opposing forces—forces of unity and of diversity, of regional power and of central power—and these forces are in a constant state of adjustment in the face of changing economic, technological and international circumstances.

Mr. Choquette: Très beau.

Mr. Matheson: The Prime Minister declared:

> It is the continuing responsibility of any national leader in a federal country to try to keep these

forces in balance; to recognize when positive action will reinforce the bonds that unite us, and when accommodation is required to reinforce the diversity which enriches us; and which, moreover, is an essential factor in unity. This has been my job—and my principal domestic concern—during my four years in office.

Specifically with regard to the so-called two-nation concept the Prime Minister said:

The same difficulty arises over the use of the expression "two nations", or "deux nations."

These words have come to mean so many different things to so many different people that their real meaning has often been lost in sterile semantics.

One thing, however, is clear and unequivocal. There do exist in Canada two distinct cultural and linguistic societies, one English speaking, one French speaking, with each including members of other cultural and ethnic groups.

He asked this question:

What are we prepared to do not only to preserve our two cultural societies in a federal political unity but also to allow them both to develop fully?

This is the question we must face, and urgently.

As recently as last night at a triumphal meeting in which he lashed separatism he spoke also of the challenge arising from our federalism and the cultural duality of our nationhood.

• (10:10 p.m.)

Mr. Aiken: Mr. Speaker, I rise on a point of order. This is phony, the whole thing.

Mr. Matheson: He then said, and I am referring to the Prime Minister:

But I am stirred only to opposition, to indignation, at the appeal to break up a political society, to divide and destroy a country whose people, all of them, of whatever race or background, are more and more coming to realize the true nature of our Confederation . . .

For now we are realizing, far more than ever before in our history, how fortunate we are to have as the foundation of our Confederation, the two great languages and cultures of the west; one that has spread the idea of man's freedom and dignity throughout the world, and the other that has done so much in organizing that freedom for political action based on law and justice.

How fortunate, also, we are that on this dual foundation we have been able to build a national structure which includes the strength and colour and quality of Canadians of so many other racial strains.

Mr. Knowles: Order, order.

Mr. Aiken: What a travesty of the rules.

Mr. Matheson: The Prime Minister also said last night:

Separatism is a voice without hope, when the future holds more hope for Canada than ever before in our history—

[Mr. Matheson.]

Mr. Deputy Speaker: Order, please. The time allotted for the hon. member has now expired.

Mr. Dinsdale: Mr. Speaker, I know you have ruled that questions of privilege or points of order are not acceptable at this time, but you have also indicated that you would take under advisement the remarks of the hon. member for Parry Sound-Muskoka (Mr. Aiken). Let me remind hon. members that this debate on the adjournment motion is still an experimental thing and is on trial. What we have witnessed here tonight is a supreme example of irresponsibility on the part of representatives on the government side and it will not encourage the continuation of this useful debate.

Mr. Matheson: Mr. Speaker, some of my comments have been called into issue. I can only say I did not hear about this question until approximately an hour ago. I can only say on my honour that I came into this house endeavouring to answer this question which was asked on October 6, 1967. The only possible way I could attempt to answer the remarks made by the hon. member for Lotbinière was by referring to two addresses delivered by the Prime Minister within this month, both relating to this very subject.

Mr. Knowles: And you did not answer the question.

Mr. Deputy Speaker: Order, please. The hon. member is now debating the issue. I assure members of the house that I will bring this type of question on the adjournment motion to the attention of Mr. Speaker.

Mr. Dinsdale: This has been a perfect illustration of a Charley McCarthy, Mortimer Snerd performance.

[*Translation*]

FINANCE—REQUEST FOR STATEMENT ON POLICY CRITICISM

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, the remarks I wish to make stem from a question which I raised the other day in the light of an article—

Mr. Deputy Speaker: Order.

Mr. Mongrain: Mr. Speaker, on October 18 last I put a question in connection with a news item which had appeared in the *Globe and Mail* and also in several French newspapers. It was reported that Mr. Neil J. MacKinnon, chairman of the Canadian Imperial

Bank of Commerce, had made a charge against this government and I quote:

[*English*]

It is not too much to say that government deficit spending, combined with a permissive monetary policy that allows continuous inflation really involve a massive swindle—a swindle perpetrated on the great majority of the populace who are least able to protect themselves against the consequences.

[*Translation*]

I say that the word "swindle" can be translated in French—because I have here an excerpt from the newspaper *Le Devoir*—by "gigantesque duperie".

Mr. Speaker, I know that it is a very serious and even libellous accusation first, on the face of the words alone. In fact, if I refer to the Oxford dictionary, volume 10, page 332, I read this:

[*English*]

The Oxford dictionary:

Swindle 1. An act of swindling; a fraudulent transaction or scheme; a cheap, fraud, imposition.

[*Translation*]

Now here is what the French dictionary has to say.

Dupery: to make one the victim of deception, to have one believe a falsehood to be true, to cheat, make a fool, to gull, to take-in. Synonyms: swindle, gull, trick, deception.

In the face of the words themselves, there was libel. And all the more so, because the one who spoke the words holds a responsible position as president of his bank and normally, he does not speak through his hat, nor is he even liable, on occasion, to stray into the vineyards of the Lord.

Another circumstance which makes the offence even more serious, Mr. Speaker, is that he spoke at a meeting of the International Conference of the Financial Executives Institute.

Another aggravating circumstance, Mr. Speaker, is the fact that he attacks, that he takes for his target the lawful government, a government elected according to the rules of democracy, and responsible for the country's future; this government should be far more conscientious than this citizen would have us believe.

Still another aggravating circumstance is to be found in the effects of this statement, of this accusation, of what we may rightly call a libel, on the national and international press, with the resulting lack of confidence on the part of investors, of financiers who might do business in Canada.

A few naive souls here in Canada may take quite literally such an accusation coming from so high. Others may wonder with a perfectly understandable concern in the circumstances.

Mr. Speaker, in my opinion, it is the duty of the Minister of Finance (Mr. Sharp), who is the spokesman for the government in the important matter of financial policy which affects the lives of all Canadians, to answer these charges. I see only one way to ask the president of this bank to come and justify these charges: by asking him to appear before the committee on finance, trade and economic affairs, or the committee on miscellaneous estimates. I am warning the house that I shall resort to every means at my disposal under the rules to have it convened without delay.

Until I have proof to the contrary, I trust that the Minister of Finance is doing his best in the circumstances, in a difficult situation and that if that bank president happened to be able to prove those allegations, the government would only have one alternative: to go to the country, because it would lose the opposition's confidence.

On the other hand, if the bank president has been guilty of such a serious, libellous and slanderous charge, then, as a gentleman, he should at least explain his stand, apologize and admit his mistake and his irresponsible statement.

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, by way of reply to this question may I refer to what I said in the House of Commons on October 4 in the course of the budget debate. I then said:

I think it is important for all of us in the house to realize that the root causes of the rise in prices and costs that we are now experiencing are not located in any one place. I know that it is very easy for members opposite to point to the government and say: "You are the cause". I suppose this is the natural thing to do. It is always quite natural to point to the government and to say that the government is at fault in a given situaiton. In the present situation the government does have a responsibility. I hope that we will discharge it, and all my colleagues on this side are determined that we will discharge it.

But even if we fully discharge our responsibilities, Mr. Speaker, there will remain a problem which requires the utmost co-operation of other governments and of the public at large.

I have read the newspaper reports of Mr. McKinnon's speech and, like the hon. member, I was shocked and disappointed that the

president of one of our leading banks should have used such extreme language. I can understand that Mr. McKinnon should be concerned about inflationary pressures, as we all are, and I am particularly sensitive to criticism of government policies. I do suggest, however, that the extreme language that Mr. McKinnon has used is not likely to contribute to the attainment of the objective that all responsible Canadians share. Indeed, it may make the situation worse.

Motion agreed to and the house adjourned at 10.21 p.m.

HOUSE OF COMMONS

Tuesday, October 24, 1967

The house met at 2.30 p.m.

EXPO '67

STATEMENT ON FEDERAL APPROACH TO WINDING UP OF EXHIBITION

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, in reply to a question last week I understood that today I would make a statement on the federal government's approach to the winding up of Expo '67, which has proved to be the greatest world exhibition ever held.

Some hon. Members: Hear, hear.

Mr. Winters: It has been at the same time a great Canadian achievement and a good, sound investment for Canada.

In its approach to the winding up of Expo '67 the federal government has premised its consideration on two major legal obligations by which it is bound. The first of these obligations is in article 3 of the protocol covering world exhibitions held under the auspices of the bureau of international exhibitions. Article 3 reads:

> The duration of international exhibitions shall not exceed six months. This period is fixed from the time when the registration of the exhibition takes place, and it may therefore not be prolonged by the bureau except in cases of force majeure resulting from events which occur in the course of preparation for the exhibition, such as fires, floods, social disorders, which have the effect of making it impossible either for the exhibition to open on the date officially fixed or to function normally in the time assigned to its duration. Consideration of a request for prolongation, presented by the country organizing the exhibition is left to the bureau.

The government of Canada, which is a party to this protocol, is thus the government responsible for seeing that the conclusion of Expo, as such, is in full compliance with its provisions.

The second obligation relating to winding up is contained in the act to establish the Canadian World Exhibition Corporation. It is by this act that parliament authorized the government to participate in Expo and section 19(2) of the act, dealing with the terms and conditions of winding up, is as follows:

> The corporation shall wind up its affairs and dispose of its assets and liabilities within such time after the closing of the exhibition and in such manner and subject to such conditions as the governor in council, with the concurrence of the lieutenant governor in council may prescribe.

Pursuant to this provision it has been agreed with the government of the province of Quebec that the Canadian Corporation for the 1967 World Exhibition as such will be wound up at as early a date as is practicable after October 29, 1967.

There are several other factors which have been of major significance in the federal government's approach to winding up. Foremost among these is that the board and management of Expo will use their best endeavours to obtain the maximum realization on salvage and disposal of assets. Provision has been made for this in the master plan.

Another major point governing our attitude is that in the early planning stages of Expo '67 it was agreed among the three governments that the operation of the La Ronde amusement area would be continued for two years after the expiration of Expo, and that this continuation would be on the same financial basis as the participation in Expo itself; that is, in the ratio of 50 per cent federal government, 37½ per cent Quebec government and 12½ per cent city of Montreal. In addition the city of Montreal undertook to purchase these assets at the end of the two year period at a price to be agreed upon. The federal government stands ready to participate in the continued operation of La Ronde on this basis.

A number of the participating nations have offered their pavilions as gifts. The federal government does not intend to avail itself of any of these offers but will not oppose their being donated to the city of Montreal or any other responsible donees, provided such gifts do not involve the federal government in any financial obligations.

• (2:40 p.m)

In accordance with the practice of many other nations, as mentioned, the Canadian government will offer the Canadian pavilion to the city of Montreal after its contents have been disposed of to the best advantage. Many of the exhibits and much of the equipment in this pavilion are on loan and must be returned by an agreed date. If the city does

not wish to accept the building it will be demolished in accordance with the terms of the contract under which it was erected.

In our discussions to date we have advanced certain proposals which are still under consideration. Cité du Havre, which it will be recalled is the pier area adjacent to Montreal harbour, is now almost entirely federal government property. Accordingly the federal government will offer to purchase from the other parties their interest in the remaining assets situated on Cité du Havre after those structures which are of a temporary nature have been disposed of by Expo '67. In this area are Habitat 67, the administration pavilion, the autostad and other structures. The federal government is preparing a plan for the operation and development of this area.

By the same token the federal government will offer to the city of Montreal and/or the province of Quebec its interest in the assets on the Expo site owned by the city, on financial terms to be negotiated. Specifically this arrangement would apply to Île Notre-Dame and Île Ste-Hélène, exclusive of the La Ronde amusement area.

The government of Canada has offered to grant to the city of Montreal a deferment of two years in repaying its share of the net deficit of Expo; that is, 12½ per cent of the total net indebtedness. This will assist the city to carry out any plans it might have for the site. Discussions are continuing with the government of Quebec and the city of Montreal toward the working out of details in accordance with the foregoing principles.

[*Translation*]

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, Expo '67 will prove to be, among many other celebrations, the outstanding event of the centennial of the Canadian confederation. That tremendous undertaking, unequalled in the whole world, has given Canada an international and world stature.

People all over the world have become aware of the important role that our country can play, not as a military power ambitious to extend its supremacy over other continents, but as a peaceable nation seeking to promote among mankind a spirit of human solidarity based on Christianity. That is why it would be unfortunate if nothing remained of that achievement which has practically become the philosopher's stone of a human character in the twentieth century.

[Mr. Winters.]

We must render unto Ceasars what is Ceasar's, Mr. Speaker. It would be unseemly on this occasion not to pay tribute to all those who have contributed in one way or another to this unprecedented achievement. Politics aside, we must recognize that the Conservative government had the right vision when as early as 1961, they undertook representations before the Bureau of International Exhibitions in Paris so that Expo planned for 1967 would be held in Canada.

The late Senator Marc Drouin was one of the first and most ardent advocates of this undertaking. Through the spontaneous cooperation of the authorities in Quebec, in the city of Montreal, of businessmen, public men and the population as a whole, Expo '67 met with phenomenal success.

I think it is appropriate, Mr. Speaker, that the parliament of Canada express today their gratitude to the millions of foreign visitors who came to see us during Expo '67.

Mr. Speaker, in his statement, the minister gave a general outline of views we were acquainted with or that could be surmised, but I am somewhat surprised that the government have not taken this opportunity to bring down some suggestions as to the possible use of such constructions, buildings, of this incomparable centre of Expo.

Many possibilities have been suggested by all kinds of corporations, public bodies, intermediate bodies, as to the use that might be made of this site and of existing pavilions.

Mr. Speaker, I am disappointed that the minister has not mentioned any possibility except a few vague suggestions. For instance, on page 3 of his statement, the minister says that the government intends to share in maintening the operation of La Ronde, but he does not say how the government intends to deal with this question. Would it be in co-operation with the city of Montreal, with the provincial governments? How does the present government intend to help maintain this site? We do not know. And yet, the minister had a great opportunity to make known the views of the government in this matter.

The minister also says on page 4 of his statement that the federal government is preparing a plan of operation and development for Habitat 67, for the administration pavilion, for the Autostade, and for other buildings.

Obviously, Mr. Speaker, many people are concerned over his vague position, if any, taken by the government authorities and

what plans the federal government intends to bring down on the use of the site which the minister mentioned in his statement.

Mr. Speaker, we of the opposition always have to make suggestions to the present government so as to bring about solutions.

Well, I take this opportunity to make a suggestion to the hon. minister. I think, for instance, that the possibility should be discussed of allowing foreign countries, exhibitors and participants to maintain their pavilions and finance maintenance costs, according to previous agreement, so as to hold annual exhibitions of their products. In that way, Canada would have no financial burden as each country would pay for its own administration and maintenance costs. We could continue to operate the international relations centre which Île Ste-Hélène, La Ronde and Île Notre-Dame have become.

• (2:50 p.m.)

Mr. Speaker, there is another possibility the government could have considered, that is transforming Île Notre-Dame into a vast university campus, as has already been suggested, or into a medical research centre by building a university hospital through a federal-provincial agreement.

Industry also have been invited to set up industrial research centres, to study air pollution, water pollution or similar projects.

To conclude, Mr. Speaker, I want to make another suggestion to the government, as no constructive suggestion has been offered by the government.

Mr. Speaker: Order. I have to interrupt the hon. member. I know that the matter on which he is now commenting is very important, but I have to remind him of a provision of standing orders to the effect that the remarks of a member of the opposition must be brief.

Mr. Valade: Thank you, Mr. Speaker. I just wanted to mention the case, and I had to take a little time before my remarks to emphasize the importance of the project and call the attention of parliament to this important event.

I should like to conclude my remarks by asking the minister whether he intends to request the Canadian World Exhibition Corporation to submit a report of its operations to the house, and then to refer it to a committee of the house for consideration of the operations of the world exhibition.

I say this, Mr. Speaker, with all due reservation and without alluding in any way to mismanagement or anything of the kind. I merely feel that parliament should be invited to examine the report on the operations and expenditures of this world exhibition.

[*English*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I am sure all Canadians are justifiably proud of the tremendous success which has attended Expo '67. If there are any Canadians who have an inferiority complex about living close to the most technologically advanced nation in the world I am sure such a feeling has been dissipated by the success of Expo '67 and the general success of our centennial celebrations in Canada this year.

One evening while flying from Montreal it was my privilege to sit beside an American who had spent most of his adult life in the entertainment field and who has visited every world fair in the past 30 years or more. He told me as his considered judgment that this was the finest world fair he has ever seen or ever expected to see. I think that is a very fine compliment to the people of Canada. I noticed that in the address which was given yesterday by Secretary of the Interior Stewart Udall, he pointed out that the Canadian fair with its very high quality compared favourably with his own country's world fair in New York, which he felt had been spoiled to a great extent by a high degree of commercialism.

I hope the Canadian people feel, as I am sure all members of this house feel, that we owe a great debt of gratitude to those who are responsible for the success of this project. I should like to extend on behalf of this party my congratulations to the minister, to those in the three levels of government who have devoted so much time and energy to this project, to the members of the board of the corporation and to all the staff and personnel who have made it possible for Canada to show the world what we can do when we set our minds to it as a united and determined people.

I do not intend to take any time now to make any suggestions with regard to the use which might be made of the various buildings. I hope the government is giving thought to this. Some suggestion has been made about making a part of the site a centre for international studies and a number of other worthwhile projects. I hope that at an early date the minister will tell us whether the government has any plans in this regard. I think it is sufficient at this time to say to the government, well done; the Canadian people are

proud of what you have been able to accomplish in this regard.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, first of all, I should like, if I may, to congratulate the hon. minister of commerce (Mr. Winters) on his speech. The members of the Ralliement Créditiste on this side of the house are very proud of the results of Expo '67, a Canadian achievement, held in Montreal.

First, we should like to congratulate the promoters of Expo. I am always sorry when someone tries to make a partisan issue out of this and I want to mention that these promoters are great men, and that they have received the support of all Canadians from coast to coast.

I think Expo owes its great success to the good work and co-operation of the three levels of government, federal, provincial and municipal. This success can be attributed to the co-operation of all Canadians from coast to coast. As far as the federal functions are concerned, I think that the minister made a very good point in saying that the government fulfilled its obligations to Expo.

Since the exhibition corporation will wind up its operations at the end of October, I am convinced that a report on the corporation will be presented to the house because it is always interesting for an associate, like the government, to have an idea of what took place during those six months, and I have no doubt that the minister will think it his duty to present the final report on Expo.

We are very pleased to hear the minister say that the government will participate for two more years in the operation of La Ronde. It means that for two more years direct help will be given to the metropolis. We are not jealous of Montreal because the authorities of that city acted in this way, but the people in remote areas have given up practically everything for six months, a year, two years for the success of Expo. It goes without saying that when Expo is over, the authorities of Montreal will have to think of something else. If suggestions are to be made, I feel that they should not come from the federal government which was only a collaborator but from the nerve centre, that is to say the Montreal authorities. They are the ones that should make suggestions to the federal and provincial governments.

Once again, I congratulate all those who made Expo possible.

[Mr. Douglas.]

[*English*]

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, we join in the expression of appreciation to all those who carried through the plans for this great project in such a commendable manner. Our only regret is that many of us and many Canadians generally have not been able to avail ourselves of the opportunity to spend a longer period of time at Expo. Nevertheless we did find time to visit the site on several occasions, and feel that the whole project has been a real success from every point of view.

While I realize there will be a great deal of concern about the final disposition of the assets, including the buildings, after listening to the ministers' statement this afternoon we are assured that the interests of the Canadian people will be preserved.

TRADE

TABLING OF LETTER RESPECTING RESTRAINTS ON JAPANESE EXPORTS TO CANADA

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, with the permission of the house I should like to table a copy of a letter dated October 17 from the Japanese chargé d'affairs, informing me of the restraints which the Japanese government is applying on the export of certain products to Canada during 1967.

Mr. Speaker: Is it agreed that the minister shall have leave to table this document?

Some hon. Members: Agreed.

Mr. Bell (Carleton): Mr. Speaker, would it be agreeable that this letter in respect of restraints be printed in *Hansard* or *Votes and Proceedings*?

Mr. Sharp: Mr. Speaker, I intended to suggest that with the agreement of hon. members the letter from the chargé d'affairs be printed as an appendix to *Votes and Proceedings*.

Mr. Speaker: Is that agreeable?

Some hon. Members: Agreed.

Mr. Sharp: Mr. Speaker, these restraints are being applied by the Japanese government following consultations which began some months ago between representatives of the Japanese and Canadian governments. The restraint levels which Japan is applying in 1967 provide generally for orderly increases in exports over the 1966 levels.

A year ago, in announcing the arrangements for 1966, I mentioned that officials were conducting a thorough study of the Canadian market for man made fibre fabrics. Following this review it was concluded that Canadian producers of certain of these products were experiencing serious difficulties which to a substantial degree were the result of increased imports from Japan.

• (3:00 p.m.)

I am now able to report to the house that there have been intensive and detailed discussions during the past several weeks between Canadian and Japanese representatives on these matters. The position and prospects of Canadian producers of these products and the levels and prices of Japanese exports to Canada of these products have been examined. As a result of these discussions we have concluded that it is now unlikely that Japanese exports of these goods in 1967 will exceed the levels attained in 1966. Further consultations with the Japanese authorities will be held as necessary.

Reverting finally to the present system of restraints, I should like to draw the attention of the house to an important point which is not mentioned in the chargé d'affaires' letter. This is that this year we have found it possible to free seven products from restraint. These products are spun rayon trousers, spun rayon and synthetic innerwear, spun rayon and synthetic ribbons, cotton knitted shirts, other cotton knitted garments, bedspreads and polyester buttons. I am sure hon. members will agree that this substantial reduction in the scope of the export restraint system is a constructive further step toward the orderly expansion of two-way trade between Canada and Japan.

Hon. George Hees (Northumberland): Mr. Speaker, I feel sure all members of the house have been interested in listening to the minister's statement regarding Japanese imports into this country. This question first arose when the Conservative government was in office and I, as the minister responsible, had the job of dealing with it. The matter was worked out in the same manner as described in the minister's statement and the letter of the Japanese chargé d'affaires. It solved a very difficult question at that time, and what has happened in the years since has proved it was worth while.

I feel sure the arrangement which has been outlined by the minister will work out equally well in the future. I have not had time, naturally, to discuss the particular items concerned with the industries involved. I intend to do this. In the meantime, from what I can see it appears that the arrangement which has been outlined by the minister should make it possible to continue our trade relations with Japan in a very satisfactory manner indeed.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, while I am sure the minister's announcement will be greeted with great satisfaction in certain quarters in Canada, I think we must view the announcement and the agreement it conveys with a certain measure of misgiving because it indicates, of course, some rather serious shortcomings in our economy.

I know the ability of the Japanese to export goods to Canada and compete successfully, and perhaps somewhat disastrously from our point of view, with Canadian products is very often attributed to the very much lower wages paid in Japan. However, studies have been made which indicate that the higher productivity per man hour in Canada to a large extent offsets this factor. I hope the government will consider this agreement as a stop-gap until they can engage in the restructuring and reorganization of Canadian industry which we on this side of the house have been urging for a long time now.

I notice that among the commodities included in this statement is steelware, stainless steel tableware, flatware. As much of the iron ore from which this tableware is manufactured is produced in my own province, in fact very close to where I live on Vancouver island, again this raises the question of the government's responsibility to take the initiative to establish the necessary secondary industries which would use our iron ore and thus control the import of goods in a more logical way by competing with producers in other parts of the world.

I think this agreement is indeed a stop-gap. I also think we should regard it as a warning that our Canadian economy needs drastic revision and reorganization if we are to compete successfully in world markets and in our own market.

CAPITAL PUNISHMENT

WHITE PAPER—TABLING OF UPDATED MATERIAL

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, on October 12 the hon. member for Peace River asked me whether the government would give consideration to updating

the material in the white paper on capital punishment. I now ask leave to table in English and in French the material which we have been able to update. I also request that this material be printed as an appendix to *Votes and Proceedings* for the convenience of hon. members.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

EXTERNAL AID

TABLING OF ANNUAL REVIEW FOR 1966-67

Mr. D. S. Macdonald (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I should like the consent of the house to table copies in English and in French of the annual review of the external aid office for the fiscal period 1966-67.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

INDIAN AFFAIRS

TABLING OF SURVEY ENTITLED "INDIANS AND THE LAW"

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I should like to table in English and in French copies of a survey prepared by the Canadian Corrections Association entitled "Indians and the Law."

Mr. Speaker: Has the minister leave to table this document?

Some hon. Members: Agreed.

TRANSPORT AND COMMUNICATIONS

CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. J. A. Byrne (for Mr. Macaluso) moved that the fourth report of the standing committee on transport and communications, presented to the house on Friday, October 20, 1967, be concurred in.

Motion agreed to.

VISITING FORCES (NORTH ATLANTIC TREATY) ACT

AMENDMENT TO DENY REFUGE TO U.S. DRAFT DODGERS

Mr. J. N. Ormiston (Melville) moved for leave to introduce Bill No. C-170, to amend the Visiting Forces (North Atlantic Treaty) Act.

[Mr. Pennell.]

Some hon. Members: Explain.

Mr. Ormiston: Mr. Speaker, the purpose of this bill is to prevent American draft dodgers from finding a haven in Canada and thereby exempting themselves from United States military service.

Some hon. Members: Hear, hear.

Motion agreed to and bill read the first time.

FINANCE

INQUIRY AS TO PRESENTATION OF ADDITIONAL BUDGET

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to ask a question of the Minister of Finance. In view of the mounting financial difficulties facing the government and the country, is the minister going to present another budget before the end of the year?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, if a decision to that effect is taken it will be announced in due course.

Hon. R. A. Bell (Carleton): A supplementary question, Mr. Speaker. Is the minister in fact considering presenting another budget during this year?

Mr. Sharp: Mr. Speaker, the government is always considering what would be in the public interest. This is one of the things that is being considered.

THE CANADIAN ECONOMY

ATLANTIC PROVINCES—DOMINION-PROVINCIAL CO-OPERATION IN ECONOMIC DEVELOPMENT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare following the recent report of the Atlantic Provinces Economic Council which points out that the economic climate in that area has deteriorated in the past 12 months and that there is considerable confusion as between the various federal and provincial agencies which are seeking to develop the area.

May I ask the minister whether he intends to take any steps to bring together the various federal and provincial agencies that are planning the economic development of the

Atlantic area, with a view to working out common objectives and a co-ordinated policy.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I should like to examine the report to which my hon. friend refers before I make any comment.

[*Translation*]

FINANCE

PROPOSED CONFERENCE WITH PROVINCES TO DISCUSS INFLATION

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, may I direct a question to the Minister of Finance.

The hon. minister recently told us of his intention to call a national conference with a view to obtain suggestions on how to curb inflationary trends. Does he intend to indicate soon on what date this conference will be held, and can he tell us if his invitation will be extended to provincial and municipal officials?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I do not think I made the suggestion referred to by the hon. member, but the government is giving consideration to calling in the provinces for consultations on the financial situation.

EXTERNAL AFFAIRS

NORTH VIET NAM—REPORTED REFUSAL TO CONSIDER NEGOTIATIONS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the fact that the minister has recently assured all of us that a cessation of the United States bombings of North Viet Nam would almost certainly bring about peace talks, can he now state his position in this regard in the light of the report that North Viet Nam has ruled out any possibility of negotiations before the United States presidential election next November and, to quote a highly qualified communist diplomatic source as reported in today's *Gazette*, "President Ho Chi Minh would not come to the conference table now, even if the United States unconditionally stopped bombing"?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, at no time did I say that if the bombing were stopped this would certainly bring about peace talks. I said that if the bombing were stopped this would create a new situation and would put North Viet Nam in a position where it would have to respond positively to the initiative taken by the United States.

With regard to the stories in the morning paper to which my hon. friend addressed himself, I have no comment to make.

TRADE

WHEAT—REQUEST FOR STATEMENT ON EXPORT MARKETS

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. Would he be prepared to make a full statement on motions, if necessary, dealing with the serious depletion of the export market for wheat which is causing financial hardship to all farmers in western Canada, and inform the house what steps the government intends to take to regain those markets?

Mr. Speaker: Order. I assume the hon. member is not asking the minister to make this statement now?

Mr. Woolliams: No, Mr. Speaker, and I will rephrase my question. Would the minister be prepared, not today but some time soon, to say on motions what steps the government intends to take at this time to regain the export markets that are being lost, causing financial hardship to all farmers in western Canada?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, of course this subject has been discussed recently in the house and debated fully. I am always very happy to inform hon. members to the best of my ability, but I think the most appropriate occasion to do so in this case would be on the next supply motion.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker, related to a question I asked the minister the other day, namely whether he would table the international grains agreement. He said he would look into the matter and would indicate in a day or two whether he would be prepared to table it. Can he tell us now whether this document will be tabled?

Mr. Winters: Mr. Speaker, I have not had an opportunity to proceed any further on that matter, but I will do so and will report at an early date.

Inquiries of the Ministry

Mr. E. Nasserden (Rosthern): I have a supplementary question for the Minister of Trade and Commerce. Does his statement that the wheat problem should be made the subject of a supply motion indicate that he lacks confidence in the government's policy?

Mr. Speaker: Order, please.

NATIONAL DEFENCE

DEVELOPMENT OF MISSILE CONTROL SYSTEM

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I have a question for the Minister of National Defence. Has the air to air missile known as the Sparrow which was to have been used on the CF-105 aircraft now been chosen as the air defence armament for the four new destroyer escorts which it was announced some two years ago were to be built?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I do not think this particular missile was adopted. The story to which my hon. friend is referring pertains to a firing system which must be developed in Canada in order that a Dutch control system for an American missile may be used. We are trying to develop the firing system in Canada and the appropriation of $7 million was for that purpose.

Mr. Heber E. Smith (Simcoe North): I have a supplementary question for the minister. Would he tell us whether the American missile he referred to is a modification of the Sparrow?

Mr. Speaker: Order. I do not think this question is in order at this time.

POSSIBILITY OF JOINING SOUTH AMERICAN NUCLEAR-FREE TREATY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. In view of the fact that the Latin American nuclear-free zone treaty would ban nuclear weapons from two thirds of the western hemisphere, and in view of the fact that the NORAD agreement is up for renegotiation at this time, has the government considered the possibility of joining the South and Central American nuclear-free zone as a positive step toward nuclear disarmament?

Mr. Speaker: Order. I think the question is much too general in scope and should not be asked at this time.

[Mr. Winters.]

[*Translation*]

EXPO '67

POSSIBLE REQUEST BY QUEBEC FOR USE OF SITE

On the orders of the day:

Mr. Georges C. Lachance (Lafontaine): Mr. Speaker, is the Minister for Trade and Commerce in a position to tell us whether the Quebec government has made any suggestion or request as to the artistic, educational or scientific use of the Expo site?

[*English*]

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, our co-operation in this field with the government of Quebec has been very close. I think they feel motivated, as we do, by the fact that we signed the protocol providing for the winding up of Expo, and any initiative in that regard would be apt to come from the city of Montreal.

HOUSING

REQUEST FOR CONSIDERATION BY HOUSE COMMITTEE

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I have a question for the Minister of Labour, whom I welcome back to this house and who I hope enjoys good health. Now that the provincial elections are behind us and the minister may find it possible to convene the premiers some time in January to discuss the housing crisis in Canada, would he consider reconvening the committee on housing, urban development and public works in order that we may hear professional evidence from the housing associations as well as the financial institutions, thus gathering information which could be useful at the meeting in January which the minister proposes?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, first I want to thank the hon. member for his words of welcome. I am enjoying good health, thank you, benefited, in my opinion, by my absence from the house for the past ten days or so.

With reference to the suggestion put forward by the hon. member, may I say that the work of a committee of this house is the responsibility of the chairman and his committee. I will be very glad to discuss the suggestion made by the hon. member with the chairman, after discussing it with the Prime Minister and my other cabinet colleagues and learning their views.

Mr. Keays: Mr. Speaker, I should not like to see the house leader left out of this consultation. May I therefore ask him whether he would be interested in trying to convene the committee.

Mr. Speaker: Order. The hon. member has made his suggestion.

[*Translation*]

FISHERIES

ARTICLE IN PARIS "MATCH" ON KILLING OF BABY SEALS

On the order of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I have a question for the hon. Minister of Fisheries, but first, I must confess that I find it hard not to congratulate him on having won his elections yesterday.

Some hon. Members: Hear, hear.

Mr. Mongrain: My question is motivated by a report printed in the great French magazine *Paris-Match*, under the title: "Have mercy on baby seals." Here is my question: Has the minister received recently any representations from other sources regarding baby seal hunting and does he intend to renew his efforts to put an end once and for all to these false reports which are extremely damaging to the good name of Canada?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, I should like, in the first place, to thank the hon. member for his congratulations which normally should be directed to another Robichaud.

Some hon. Members: Hear, hear.

Mr. Robichaud: In reply to the question of the hon. member, I must advise him that the article published in the said magazine has been drawn to my attention on various occasions; I have made public the action taken by my department, in order to control seal hunting operations on the St. Lawrence river and in the areas east of the Newfoundland shore.

There is no doubt, Mr. Speaker, that exaggerated and quite often untrue statements of certain representatives of the Humane Society have done irreparable damage to that industry and today some human beings are suffering from the harmful effects of that false publicity.

May I also add, Mr. Speaker, that at the beginning of this month, a meeting took place in Hamburg, with the representatives of Norway and Denmark, and I hope to be able to announce in the near future the additional measures which we intend to introduce to further control those hunting operations.

We have been assured by the countries concerned of their fullest co-operation.

Mr. Mongrain: Mr. Speaker, I should like to put a supplementary question.

Does the minister intend to have someone to reply directly to the magazine *Paris-Match* which has an enormous circulation in the world?

Mr. Robichaud: Mr. Speaker, I shall take this suggestion into consideration.

Mr. Lachance: Mr. Speaker, I should like to direct a supplementary question to the Minister of Fisheries.

Is he aware of the fact that, in Paris and in some European cities, some advertising is circulated to the effect that Canadian seals are not sold? What does he intend to do in that regard?

Mr. Speaker: Order. In its present form, I do not think that the hon. member's question is in order.

[*English*]

TRADE

REPLY TO PROTEST RESPECTING PROPOSED U.S. RESTRICTIONS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I have a question for the Minister of Trade and Commerce. Has the government received from the government of the United States a reply to the note sent to that government last week protesting the possible application of import quotas against Canadian goods affected by Kennedy round tariff reductions, and has the United States government indicated its realization that Canada will not stand for the application of such import quotas?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, we have received a reaction through diplomatic circles, but there has been no written reply and I am not aware we expected one. However, there is every indication that the government of the United States is taking our representations quite seriously.

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. When the Minister of Trade and Commerce made his protest on behalf of the government, did

he also protest to the United States government with regard to the United States dumping wheat in Canadian markets such as Japan, and has he received any reply in this connection?

Mr. Speaker: Order. I am wondering whether that is a supplementary question.

Mr. Woolliams: With the greatest respect, Mr. Speaker, it is all part of the discussion of the Kennedy round. The minister appreciated that and was about to answer.

UNITED NATIONS

CONSIDERATION BY SECURITY COUNCIL OF SINKING OF ISRAELI SHIP

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Secretary of State for External Affairs; I regret I have not given him notice but I know this subject is very much in his mind. Is the security council of the United Nations giving consideration to the grave incident in which an Israeli destroyer was sunk by Egyptian action, and are there any proposals for international action to prevent the repetition of incidents like this which might lead to a fresh outbreak of war in the Middle East?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the fighting in the Suez area has stopped as the result of a suggestion by the United Nations truce and supervisory organization that there be a cease fire. The Canadian position has been that a representative of the Secretary General should be appointed by the security council to act as a communications link between the parties. This is the minimum action that should be taken to meet the situation in the Middle East, and the Canadian delegation is working toward this end.

It has been suggested that before this appointment can be agreed to there will have to be an agreement by Israel to withdraw its forces beyond the present areas of occupation. In response to this, and I think rightly, Israel takes the position that there should be a declaration that the other side will forgo its state of belligerency. Until these two statements of principle are agreed to, I am afraid I cannot report that progress in these negotiations is taking place. However, we will persist in the view that the least that should be done is that a representative of the Secretary General be appointed in the absence of direct negotiations to try to bring the parties together.

FINANCE

REQUEST FOR EXERCISE OF RESTRAINT IN GOVERNMENT EXPENDITURES

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address a question to the Minister of Trade and Commerce. Now that no less an authority than the Toronto *Globe and Mail* has anointed him as the authentic voice in the federal government of business big and small, and has assured us that he is uneasy and sharply critical of overspending by government, can the minister assure the house that he will do all in his power to restrain the wasteful and extravagant expenditures that are being planned by his colleagues in cabinet?

Mr. Speaker: Order, please.

[*Translation*]

INDIAN AFFAIRS

POINT-BLEUE, QUE.—DELAY IN START OF CONSTRUCTION

On the orders of the day:

Mr. C. A. Gauthier (Roberval): Mr. Speaker, may I put a question to the Minister of Indian Affairs and Northern Development?

Has the minister received a telegram from the chief of the Pointe-Bleue band advising him that his department's projected works, approved by the government have not yet started? If so, could he tell us why?

Mr. Speaker: I think this question should be put on the order paper.

[*English*]

CANADIAN BROADCASTING CORPORATION

SASKATOON—INQUIRY AS TO STATION CONSTRUCTION

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, last week the Prime Minister promised that this week he would tell me about the C.B.C. station in Saskatoon. Since I know he has had an opportunity to discuss it with his colleagues I wonder whether he can tell me now.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think the hon. member asked me about this matter yesterday as well; if it was not yesterday it was on Friday. I requested mercy then and he gave me mercy, and I hope he will give me another couple of days. We have been discussing it this morning.

AGRICULTURE

TURKEYS—INQUIRY AS TO REQUEST FOR FLOOR PRICE

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of Agriculture. Has the government received a request from the Saskatchewan Federation of Agriculture asking for a floor price for turkeys?

Mr. Speaker: Order, please.

PILOTAGE

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, may I address a question to the Minister of Transport. I wonder whether the minister is in a position today to reply to a question that he took as notice a week ago, asking whether he can tell us the present status of the long awaited report of the pilotage commission.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, the first volume containing the principal recommendations of the royal commission on pilotage is expected to be available by the end of the year, and subsequent volumes containing additional recommendations will follow next year.

EXTERNAL AID

SOUTH VIET NAM—PRESENCE IN OTTAWA OF NAVAL OFFICERS

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In view of the fact that several senior officers of the South Viet Nam navy are in Ottawa, is the government discussing with them the question of technical assistance or other forms of aid?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I will have to take notice of that question; I did not know they were here.

PRIVILEGES AND ELECTIONS

INQUIRY AS TO COMMITTEE CONSIDERATION OF LEGISLATION

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question to the acting house leader. Considering that two

elections have been held since the Canada Elections Act was substantially amended and updated, can the minister advise whether it is intended to have the act referred to the standing committee on privileges and elections this session?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I will be pleased to give the suggestion of the hon. member serious consideration.

SHIPBUILDING

REMOVAL OF ARBITRATION CLAUSE FROM SHIP TENDERS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a question for the Minister of Transport. Is the minister now in a position to answer the question I asked him on October 11 regarding removal of the arbitration clause from tenders for ships submitted to his department?

Hon. Paul Hellyer (Minister of Transport): Yes, Mr. Speaker, I think so. Treasury Board has decided that until such time as a firm policy pertaining to arbitration in connection with all government contracts is established between the government, the Canadian Construction Association and the Canadian Shipbuilding and Ship Repairing Association, use of arbitration clauses should be discontinued.

Mr. MacEwan: A supplementary question, Mr. Speaker. Is the minister aware that in the tenders called for the new D.D.H.'s this clause is included? The minister used to be head of the department; is he aware that this clause is included in those tenders?

Mr. Speaker: Order, please.

Mr. Hellyer: Mr. Speaker, this matter comes under the jurisdiction of the Minister of Industry.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I wish to put a question to the Secretary of State for External Affairs and I apologize for not giving him notice.

In view of the fact that our colleague, the hon. member for Lapointe (Mr. Grégoire) left yesterday on a trip to France, could the minister inform the house whether this tour has been organized by the French embassy, by the Department of External Affairs or by some theatrical agents from Pigalle?

Inquiries of the Ministry

[*English*]

NATIONAL PARKS

WASKESIU, SASK.—POSSIBLE RETENTION OF TOURIST CABINS

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. On Wednesday, October 11, 1967 I directed a question to the Prime Minister, and as reported at page 2984 of *Hansard* the Prime Minister replied:

> Mr. Speaker, perhaps the hon. member would wait until the minister comes back.

I now direct the question to the minister and ask him whether the government is considering reversing its announced policy and allowing the shack tents and portable cabins to remain at Waskesiu in the Prince Albert national park.

Mr. Speaker: Order. Perhaps when the question was asked in the first instance I might have suggested to the hon. member that it be placed on the order paper; it is possible that it would have been answered by now. I doubt whether this is the type of question which can be asked on orders of the day.

NORTHERN AFFAIRS

"GRANDE HERMINE"—TRIP TO GASPÉ FOLLOWING EXPO

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, my question is to the Minister of Indian Affairs and Northern Development and is provoked by my fear that the grand little ship *Grande Hermine* may be trapped in the ice at La Ronde. Can the minister assure me that the ship will be removed and perhaps placed in the bay of Gaspé this fall?

Mr. Speaker: Order. I think that question could be placed on the order paper.

Mr. Keays: I wish to discuss it at ten o'clock, Mr. Speaker.

THE CANADIAN ECONOMY

CO-OPERATION TO ACHIEVE STABILITY IN PRICES AND WAGES

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Finance. In view of the rejection by certain important segments of organized labour and private business of

[Mr. Mongrain.]

the call by the minister for voluntary restraints or guide lines in respect of wage demands, prices and spending, has the minister further suggestions to make to the house and country about his intention to combat inflation and the crushing level of the cost of living?

Mr. Speaker: Order. That question is much too general in scope and cannot be asked at this time.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of a television report last evening I wish to ask the Prime Minister whether he has received a telegram from the prime minister of British Columbia with respect to wage-price controls. If so, has the Prime Minister replied to that telegram yet?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, in answer to the first part of the question; no, in answer to the second part. It has not yet been answered.

OFFER OF CO-OPERATION BY ATLANTIC PROVINCES ECONOMIC COUNCIL

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker I wish to direct a question to the Prime Minister. Is the government giving consideration to the offer of the Atlantic Provinces Economic Council to make its services available in any capacity which will help to work out, in co-operation with the federal government and the provinces, policies and programs that will be helpful to the Atlantic region?

Right Hon. L. B. Pearson (Prime Minister): Yes, indeed, Mr. Speaker. We shall be glad to co-operate with them in these matters, and we welcome their suggestions.

DIVORCE

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I regret that my question yesterday bewildered the Prime Minister a bit. May I ask part of it again but in a different way. In view of the fact that a joint committee of both houses some months ago recommended divorce reform, and in view of the government having proposed that reform in the speech from the throne, when does the government expect this legislation to be on the order paper?

Right Hon. L. B. Pearson (Prime Minister): It will be on the order paper very soon, I hope, Mr. Speaker. I am sorry it is not on yet.

HEALTH AND WELFARE

INCLUSION OF OPTOMETRISTS IN HEALTH RESOURCES FUND TEAMS

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, my question is for the Minister of National Health and Welfare. Will optometrists be included in the teams which are to be set up under the health resources fund, as recently announced by the minister, to ease the acute manpower situation in health care fields?

Hon. A. J. MacEachen (Minister of National Health and Welfare): I am sorry, I missed the first part of the question.

Mr. McCleave: I asked if optometrists would be included in the teams that the minister has announced are to be set up under the health resources fund.

Mr. Speaker: Order, please. The hon. member should place that question on the order paper.

Mr. McCleave: Ten o'clock, Mr. Speaker.

VETERANS AFFAIRS

BRITISH COLUMBIA—INVESTIGATION INTO CORPS OF COMMISSIONAIRES ASSOCIATION

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I wish to bring my question to the attention of the Acting Minister of Veterans Affairs. On November 25, 1966, as reported on page 10345 of *Hansard* the hon. member for Kootenay West asked whether the minister had received any complaints of grave injustices suffered by some members of The 3 Cee's Association, Vancouver-Victoria island division. Can the minister advise the house whether that question has been looked into at this time?

I also wish to ask a supplementary question. Perhaps the minister could answer it tomorrow. Has the government considered appointing a committee to investigate the administration of the association and to ensure that members of the association are heard at meetings?

Mr. Speaker: It is difficult for the Chair to recall whether the question was accepted in the first instance. If it was, then I assume that in due course the minister will wish to answer it. If it was not, the question ought to be placed on the order paper.

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question in the minister's absence. If the minister does not see fit to appoint a board or committee, would he consider inviting the representatives of this organization to make representations to the standing committee on veterans affairs?

Hon. Léo Cadieux (Minister of National Defence): I shall be glad to bring this subject to the attention of the minister.

EXPO '67

INQUIRY AS TO USE OF FORGED PASSPORTS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Has the minister any evidence showing that forged passports were used at Expo?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, no direct evidence has come to my attention.

Mr. Hees: A supplementary question, Mr. Speaker. Will the minister look into this matter?

Mr. Winters: I shall be happy to do so.

Mr. Speaker: Order. I wonder how urgent this question is.

CANADIAN PACIFIC RAILWAY

REPORTED LAY-OFFS OF MAINTENANCE OF WAY EMPLOYEES

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is for the Minister of Labour. Has the minister received a communication from lodge 419 of the brotherhood of maintenance of way employees in regard to large lay-offs of their membership by the Canadian Pacific? These lay-offs are alleged to have been brought about by a decline or recession in business. Would the minister look into the matter and make a statement in the house?

Hon. J. R. Nicholson (Minister of Labour): May I take that question as notice, Mr. Speaker.

Policy Statement on National Resources

AIR TRANSPORT

GRANT TO TRANSAIR COMPANY OF CHARTER RIGHTS IN U.S.

On the orders of the day:

Mr. L. B. Sherman (Winnipeg South): Mr. Speaker, my question is to the Minister of Transport. Does the granting of new charter rights into the United States to TransAir of Winnipeg indicate a change or readjustment in the terms of the present bilateral air agreement between Canada and the United States?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, may I take that question as notice.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO INTRODUCTION OF AMENDING LEGISLATION

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, since certain categories of people are speculating about whether they are to be included under the Unemployment Insurance Act, will the minister advise the house when he expects to have the bill amending that act on the order paper?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the matter is still under study. I cannot give a definite answer today. It is an item on our priority list. I thought I had assured the house that no extension of classes of coverage is contemplated in the proposal that I hope to lay before the house later this year.

Mr. R. E. McKinley (Huron): A supplementary question to the Minister of Labour. Does this mean that the government has no intention of including teachers under the Unemployment Insurance Act?

Mr. Nicholson: Mr. Speaker, I thought I had answered that question some weeks ago. Even if the trend toward universality should continue the teaching profession would be pretty well down on any such list. For that reason the answer to the question is no.

• (3:40 p.m.)

SUPPLY

The house resumed, from Monday, October 23, consideration of the motion of Mr. Benson for committee of supply, and the amendment thereto of Mr. Hamilton (p. 3378) and the amendment to the amendment of Mr. Douglas (p. 3383).

[Mr. Nicholson.]

REQUEST FOR POLICY STATEMENT ON NATIONAL RESOURCES

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, when the house rose at ten o'clock last night I had been dealing with the activities of the federal government in the field of pollution control as revealed by answers which had been furnished to questions that were placed on the order paper in March, 1966. I had said that we ought to know whether there has been a change in the situation that was revealed to exist at that time.

Mr. Speaker: Order, please. Would hon. members kindly continue their conversations outside the chamber. It is difficult for interested members to follow the speech of the hon. member for Comox-Alberni.

Mr. Barnett: I suggested that the government's answers revealed that the activities of its various departments and agencies were miniscule, scattered and fragmented.

In this connection I wish to refer to an editorial which appeared in the Ottawa *Citizen* on July 3, 1965. It referred to the recent federal government budget and to the fact that the government had provided for tax incentives to industry in relation to the control of the pollution of our lakes and rivers but had not provided for anything with respect to the discharge of gases into the air. The editorial reads:

> At a recent conference on air pollution in Toronto, a businessman was reported to have said privately that "we need a kick in the pants." He admitted he could do more to eliminate the discharge of gases and dust into the atmosphere, but his competitors were not doing so and he did not feel inclined to prejudice his share of the market by increasing production costs when he did not have to.
>
> This is an appalling admission. The authorities—federal, provincial and/or municipal—should establish proper standards and insist that they are maintained. They should be empowered to enforce severe penalties against offenders. The Canadian Council of Resource Ministers will be holding a conference next fall on pollution in all environments—water, air and soil. It is to be hoped that they will recommend vigorous action immediately.

I had occasion to draw this editorial to the attention of the hon. member for Davenport (Mr. Gordon), who was then minister of finance, and remind him of a contention I had earlier advanced during the debate on the budget that the federal government should offer the same incentives to reduce air pollution as were being offered to reduce water pollution even though, as I indicated at the time, the administration was making only a very minor effort in that field.

The editorial refers to the conference on pollution which was held in Montreal under the auspices of the council of resource ministers about a year ago. As I have mentioned previously in the house, I took advantage of the opportunity which was afforded me to attend that conference. As I have stated publicly on a number of occasions, I found it to be a most exciting event because of the wide variety of people attending—scientific experts, government officials at various levels, representatives of interested organizations, and so on. A stimulating exchange of ideas took place and I was hopeful that some definite action would result.

I did recognize, however, as I said on November 17, 1966, when I spoke in the house on pollution and the conference, that one could not expect the influence of the conference to be apparent immediately. Along with others in the house who have a particular interest in this subject, I think I may say I have been somewhat reticent in pressing this matter upon the attention of the Minister of Energy, Mines and Resources (Mr. Pepin) who is the federal member of the Council of Resource Ministers. We recognize that the situation is a complex one which requires careful study and analysis before the government of Canada can be expected to bring forward concrete proposals for consideration by the house. Nevertheless, I think a year is more than enough time in which to have made a definite statement concerning the direction in which the federal government is prepared to move. We are still awaiting a statement of this kind. We did not get one yesterday when questions were raised in the house in the wake of a television program, though we had the right to expect this kind of information from the Prime Minister (Mr. Pearson). I should like to refer now to a question which was asked on February 24, 1967. It was directed to the Prime Minister by the hon. member for Parry Sound-Muskoka (Mr. Aiken) and is reported in *Hansard* at page 13431 as follows:

> Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the right hon. Prime Minister. In view of his statement yesterday in Toronto that legislation concerning water and air pollution will be brought before the house this year, can he indicate when it may be put on the order paper?
>
> Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I said I hoped a lot of the things I mentioned would be decided during the year.
>
> Mr. Aiken: May I ask the Prime Minister whether he expects it to be this session or the following session?
>
> Mr. Pearson: Mr. Speaker, I should think it would have to be in the autumn.

Well, Mr. Speaker, we are nearing the end of October. I do not know what people in the Prime Minister's part of Canada consider the autumn season to be, but in my view the autumn season is practically over. Despite this, the Prime Minister gave an answer yesterday which offered no indication that legislation would be placed on the order paper this session, no indication of the kind of legislation the government might wish to bring down. He simply said that this was the kind of thing which would have to be considered. That is simply not good enough.

When I spoke last November I put forward some of my own conclusions arising out of my observations during the conference. I said there seemed to be general recognition that the federal government had jurisdiction in certain aspects of this field and that most people agreed that authority for enforcement measures rested primarily with the provincial governments. Perhaps I can quote from the remarks I made in the house on November 17 of last year as reported in *Hansard* at page 10021:

> There was general agreement, which certainly confirmed the view I have held for quite some time, that the only way in which this problem can be really attacked in a proper manner is if we in this parliament, through the federal government, exercise real leadership and guidance. Only when we can develop a national code and national standards based upon active and continuing research, so that the standards can be continually upgraded as new science and technology are developed, can we make continuing progress in this field which will lead to more uniformity across the entire country, thereby avoiding all the complications in the various fields of industry because of the existence of different standards in different regions or provinces of the country.

So far the government has given us no indication whether it agrees or disagrees with an approach of that kind based on conclusions which, as I said, appeared to be the consensus reached at the conference called to deal with the whole field of water, air and soil pollution.

• (3:50 p.m.)

The extent to which provincial authorities have taken action may be open to question. Reference has already been made to legislation within the jurisdiction of the government of Ontario. In 1966 one of the N.D.P. members of the British Columbia legislature introduced a bill to amend the pollution control act of that province in order to broaden the then very limited powers of the British Columbia pollution control board. These extended powers would have covered water, air and soil pollution. Whether or not the

introduction of that bill was responsible, during the past session of the British Columbia legislature the provincial government introduced legislation to broaden the pollution board's powers and duties. It may not be a perfect piece of legislation. That is a matter to be debated in the provincial forum, but what I am suggesting is that there are indications that other levels of government, in particular provincial governments, have been taking action in this field in the interval since the conference on pollution was held in Montreal a year ago.

The time is past due when we should have at least a general statement on the policy and intentions of the federal government. We should at least be informed of the direction in which the federal government is prepared to proceed. I am not trying to suggest that within the past year we could have developed a national pollution standards code, based on research, covering all the complex causes of pollution, or that all the research necessary to cope with the problem could have been undertaken. I hope the ministers concerned will not try to misconstrue my remarks in that context because I do know the fight against pollution will be a continuing battle over a period of many years.

However, I believe this house is entitled to know whether the government is prepared to take this matter seriously, whether it has done anything in recent months to bring together and expand the efforts of its various departments and agencies to combat pollution, whether it considers new legislation is required to deal with the problem and, if so, what the general nature of that legislation will be. If the Prime Minister could have given us such a statement yesterday perhaps some of us would be a little less impatient today than we are.

In the light of the events that have taken place since last year's pollution conference I submit, Mr. Speaker, that so far as this house is concerned the subamendment moved by my leader, the hon. member for Burnaby-Coquitlam (Mr. Douglas), is well warranted and is one which all thinking members of the house should support.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the subamendment moved by the hon. member for Burnaby-Coquitlam (Mr. Douglas) is by way of an addition to the amendment. It calls upon the government to make a statement declaring its intentions and objectives generally with respect to the matters mentioned in the amendment and then refers to:

> —the need to take immediate steps to cope with air and water pollution, including appropriate national standards and any necessary amendments to the Criminal Code of Canada.

It is evident that the amendment and subamendment are very broad in character and that it was impossible yesterday for the Minister of Energy, Mines and Resources (Mr. Pepin) to give a full account with respect to all the aspects covered by them.

Mr. Douglas: Why?

Mr. MacEachen: He did attempt to cover as fully as possible the matters raised in the energy field, but unfortunately he was unable to tell the house of the very significant activity that is taking place in his own department with respect to water control and water pollution.

Mr. Douglas: May I ask the minister a question? In view of the fact that the Minister of Energy, Mines and Resources had unlimited time yesterday, as the minister replying to a motion of no confidence, why was it difficult for him to deal with this subject at that time?

Mr. MacEachen: Mr. Speaker, I think that the opportunity to use unlimited time ought to be exercised with some restraint even by ministers of the crown. I thought the minister's speech was quite lengthy and covered a great variety of subjects, and if he did not feel he ought to take more time to cover the water policy of his department the fault ought to be attributed to the broadness of the amendment rather than to any lack of desire on his part.

I was surprised that the hon. member for Comox-Alberni (Mr. Barnett), who just resumed his seat and who has shown such a great interest in the field of water and air pollution, should have been so unaware of developments that are taking place under the leadership of the Minister of Energy, Mines and Resources. Obviously the hon. member has not been receiving the releases from the minister's office outlining the very broad activities currently going on in this field. If he has not been receiving them I think he should arrange to receive them because they are a mine of considerable information on current activities.

Mr. Douglas: When did you get them?

Mr. MacEachen: The minister was kind enough to hand them to me a few moments ago, and I am even more impressed than I was before receiving them by the activities taking place in his department.

Mr. Barnett: Would the minister allow a question? Does the Minister of Energy, Mines and Resources send these releases to the Prime Minister (Mr. Pearson), because yesterday he did not seem to know anything about them?

Mr. MacEachen: The Prime Minister has never posed as an authority on this subject like my hon. friend—

Mr. Knowles: He ought to be.

Mr. MacEachen: —and maybe he can be excused, but my hon. friend cannot be excused in this field. There is considerable activity taking place. As recorded in *Hansard* of April 3, 1967, the minister gave a very extensive answer to a question on this subject, and much detail respecting the whole field of water resources is to be found in an appendix to that issue *Hansard* which extends to quite a number of pages. My hon. friend would have greatly benefited by examining it.

The hon. member talked about the policy proposals that emerged from the conference of resource ministers which considered the question of pollution control and asked, what is the attitude of the government in this respect? According to one of the releases which I have in my hand, in May of this year the minister called for the establishment of a national advisory council on water pollution on which there would be representatives of the federal and provincial governments, and pointed out that such a body had been proposed by experts attending last fall's national conference in Montreal. That proposal has received the endorsement of the minister, as have a number of other proposals arising from that conference.

The minister has also indicated that a new water act will be introduced. It is currently under preparation in his department, and maybe hon. gentlemen opposite will have more control over the speed with which this measure can be dealt with in parliament than the Minister of Energy, Mines and Resources. It is admitted that the present Canadian water assistance act is inadequate. The new act will cover a number of important items that have been raised in this debate and will provide for much better co-ordination of federal activities in the field of control over water pollution. It will create a vehicle for federal interministerial co-operation. Hopefully it will create a federal advisory board for the minister. It will create a national committee on water pollution. It will work toward a pollution abatement code. This is one of the items my hon. friend who just took his seat urged the government to consider. I should like to assure him that his good advice is currently being considered in the department and likely will be reflected in a measure to be placed before the House of Commons.

• (4:00 p.m.)

In addition to this machinery which will provide for better co-ordination and better advice in the field of water pollution control, it is also proposed that the relationship between the federal and provincial governments will be maintained and improved. Already the considerations involved in this particular proposal have been studied by the council of resource ministers. The resource ministers have been told what the thinking of the federal government is in this field. It is hoped that at the next meeting of the ministers a further discussion will be held and that there will be a further exchange of views on the items I have mentioned as the essential parts of a new water measure.

Depending upon the work we are able to do in dealing with other legislative items which now are on the order paper and which have already been announced for action, this bill will be introduced early in 1968. Therefore I believe the federal government is giving very strong and definite leadership in the field of water pollution. The impression should not remain unanswered that there is a drifting away, a chaos or a lack of planning in this particular field. I regret that the Minister of Energy, Mines and Resources did not have an opportunity to speak at greater length on this subject.

I should like to say by way of supplementation to the comments made about the activity of the Department of Energy, Mines and Resources that the Department of National Health and Welfare has for many years been closely associated with the work of the International Joint Commission as it relates to the matter of pollution of boundary waters which endangers health and property on either side of the boundary. For example, active participation in co-operation with other federal, state and provincial agencies is being maintained by the Department of National Health and Welfare in the current International Joint Commission reference

study covering lake Erie, lake Ontario and the international section of the St. Lawrence river.

Laboratories have been established at Kingsston and Brockville to carry out the required chemical and bacteriological analyses. Additional laboratory facilities have been provided on board research vessels operated by the Department of Energy, Mines and Resources for deep water surveys throughout these waters. Technical assistance has been rendered to the Atlantic provinces in determining the extent of the pollution in a number of major watercourses. This, of course, has greatly aided the water authorities within these provinces in the implementation of remedial measures in respect of abating pollution. Technical services also are being provided to the Atlantic Development Board in its efforts to assist industries in those provinces with regard to the installation of necessary pollution abatement facilities.

My department, the Department of National Health and Welfare, also has been responsible for organizing, planning and co-ordinating the necessary field surveys required to evaluate the industrial waste discharged into fresh waters in the Atlantic provinces. During the past year alone 30 industries have been surveyed for this purpose. This provides the data which is necessary to determine the amount of financial assistance, based on the actual extent of pollution, which can be made available to the board through federal funds. Over the years engineering advice has been made available by the department on the required basis to other federal departments in respect of the control and abatement of pollution.

Mr. Lewis: Mr. Speaker, would the minister permit a question? Do I understand from his remarks that the only policy the government visualizes is to give financial assistance to industry, or does the government also envisage requiring industry to spend some money itself to abate pollution? I am wondering whether the taxpayer will constantly have to pay for this.

Mr. MacEachen: No. I do not think that would be the policy of the government. I do not believe that is the policy which has been followed in respect of certain industries, at least in Canada, which have attempted to instal pollution control devices.

I was referring, Mr. Speaker, to the activities of the Department of National Health and Welfare with regard to the control of pollution in connection with federal properties. In February of this year this particular responsibility was officially assigned to the Department of National Health and Welfare.

At the present time we are endeavouring to determine very specific objectives to protect the water bodies which are receiving wastes from federal facilities. We wish to be in a position to ensure that the proper objectives are submitted at the planning stages and at the time of approval of the final plans. In addition to attempting to secure the proper measures at the planning stage, evaluation or assessment studies will be taken at the required intervals to analyse the efficiency of federal pollution control plans and the quality of the water. Engineering resources are being directed to these programs. This includes the development of additional mobile and regional laboratory facilities as necessary to carry out this responsibility across Canada. Under this program close co-operation will be maintained with the provinces to ensure that the degree of treatment meets the provincial standards.

Mr. Lewis: Mr. Speaker, I apologize for interrupting the minister again. Could he tell us how much money has been assigned for this engineering and research work as well as for the experts who have been assigned to make these investigations and so on?

Mr. MacEachen: I am sorry, Mr. Speaker, I do not have the figures but I will be glad to get them as quickly as possible for my hon. friend. I think the point of my statement is that the federal government is very conscious of its own role in the field of pollution control and is taking all possible steps to see that federal facilities are properly regulated to avoid any pollution. This is a special responsibility which has been assigned to my department by the government as a whole. We are trying to carry it out in the manner I have indicated.

The hon. member for Burnaby-Coquitlam and his colleague, the hon. member for Comox-Alberni, referred to the unfortunate impression created by one or two questions which I answered on television on Sunday night. The indication was that I had portrayed a negative and indifferent attitude toward the problem of water and air pollution in Canada. If that impression was created I can only say there are certain risks attendant upon television appearances, especially when long interviews are later excised according to the requirements of the producer. It may be that the producer and the

performer ought to share at least equal responsibility for any impression that has been created by one or two statements that were made which I certainly would not retract but which, unrelated to the concern which had been expressed in respect of this problem, might have given the wrong impression.

• (4:10 p.m.)

The fact is that the Department of National Health and Welfare is fully aware of the serious problems presented by pollution of air and water in Canada and has two separate divisions devoted to the study and development of solutions to these problems. These divisions are located in the new environmental health centre which was completed in 1962. It has the most modern scientific facilities of this type in Canada and the laboratories compare favourably with any similar facilities in the world. The two divisions of this department work in close liaison with the provinces and provide technical and consultative services to assist in measuring pollution and designing necessary control techniques. This is done through research and collaboration in the development of design controls by officers of the department who maintain a very high level of technical competence in their own fields. They have benefited greatly from collaboration with their counterparts in the provinces.

I am sure we all appreciate the seriousness of the problems that air and water pollution pose not only for Canada but for almost every country in the world. Air pollution is now a common problem affecting cities in nearly every country of the world and is the result of human failure to realize that the atmosphere has a limited capacity to receive the impurities we have poured, and still continue to pour, into it. Not long ago we talked of air pollution in terms only of smoke and grime of factories, steam locomotives, and dirt and stench from industrial processes. Even these we were inclined to tolerate as a sign of our prosperity. These still exist but there are additional sources of pollution resulting from the operation of motor vehicles and airplanes, which have appeared on the scene in great and increasing numbers to add substantially to the problem of air pollution.

All of these sources, plus others of no small magnitude such as domestic heating plants, combine to add many tons of garbage to the air of any typical large city each day. You may recall that occasion in New York city on Thanksgiving week end in 1966 when 80 persons lost their lives as a result of pollution in the air. We all recall a similar incident in London in 1952 when a great number of deaths were caused by smoke and irritating fog. I believe that 4,000 persons lost their lives in London in 1952 and many other thousands were affected seriously as a result of this problem. Fortunately we have had no experience of that magnitude in Canada, and hopefully we will not have that problem at any stage in our future if we take the necessary steps to cope with the emerging problem of air pollution.

We all know that in our kind of society a certain amount of impurities will enter the atmosphere, and I think it would be very idealistic to expect the atmosphere of any large city to be country fresh. Of course we can depend to a certain extent upon the cleansing forces of the wind and rain because they do dilute and remove the airborne contaminants sufficiently fast to prevent an undue accumulation of consequent pollution problems. It is when the action of pollutants entering the atmosphere become so great and when the natural ventilating and cleansing processes of wind and rain are not in operation that we tend to have a problem and undesirable effects become noticeable. Sometimes, as in the case of Los Angeles, the local ventilation system provided by nature is not adequate to deal with the problem.

I say this as a background to a brief résumé of some of the immediate activities of my department in the field of air pollution and what hopefully we regard as a component of a national clean air act which is now under consideration. I might say that the air pollution work of the department is at present undergoing substantial development. Earlier this year we brought on the staff of the department, in order to improve our personnel, a person who has had a great deal of experience with the government of Queensland, Australia, in respect of this problem. He is now our consultant on air pollution in Canada.

One of the most important projects now in progress is the establishment for the first time in Canada of an effective national sampling program. The work of the provinces is being co-ordinated and actively supported where necessary with staff and facilities to assess the nature and extent of air pollution in all Canadian cities where problems may exist. The major purpose of these studies is to accumulate data which will enable standards of air quality to be established and maintained.

My hon. friend placed a proper emphasis on the need for the establishment of standards. We certainly agree with that, and we believe that in order to establish proper standards we must accumulate the necessary data because without such information and without constant comparison of conditions and knowledge of effects on health, as well as a comparison with the situation in other parts of the world, any effort to introduce control programs would be very difficult.

Mr. Barnett: Would the minister permit a question at this point? In relation to what he has just been saying could he give us some indication of the relationship, if any, which has been established between the meteorological service of the Department of Transport and his department?

Mr. MacEachen: I am not aware of any such relationship with the Department of Transport in respect of this particular national sampling activity. It may be that there is some exchange of information or facilities. I will be glad to check into that.

Mr. Douglas: While the minister is on this point perhaps he could inform the house how long this sampling has been taking place? Has it been going on for a sufficient duration to enable the officials to reach any conclusion, and has there been any consultation with medical research units which specialize in respiratory diseases in order to assess the results of this sampling?

Mr. MacEachen: I am advised that the sampling process has not accumulated enough data at the present time to establish the necessary standards. Having regard to the whole field of the relationship between pollution and respiratory problems, this particular division would initially rely greatly upon the other supporting medical services within the department, and certainly as a backstop to their studies. My point is to underline the fact that we are aware of the necessity of these standards and are getting ahead with the sampling and the collection of data that will enable us to establish standards.

• (4:20 p.m.)

Mr. Lewis: When did this sampling begin?

Mr. MacEachen: The sampling process, or the measuring, has been going on for quite a long time. Since the arrival in the department of the person to whom I referred earlier there has been a great deal of consultation with the provincial governments and a great deal of travelling around the country in an effort to put this matter on a national basis. On a similar basis we are conducting an over-all investigation of pollution by motor vehicles in Canada. Early experience in the United States is being closely examined and arrangements are being made to assess the extent and effects of motor vehicle pollution in various cities of Canada. Close attention is being given to the types of control devices used on motor vehicles and an assessment of their effectiveness in cold weather conditions is in progress.

Here I should like to emphasize that the existing approach to motor vehicle pollution control is not the final solution to the problem. My advice is that at best it is a stopgap and that we must search for more effective solutions to this problem. The devices currently being used have no beneficial effect on other potentially poisonous products such as nitrogen oxides which are also discharged by automobiles, nor do they apply to heavy trucks and other diesel vehicles which are frequently the main cause of complaint from the community.

We in the department agree that all measures which can reduce pollution, such as the devices being used by automobiles at the present time, should be used if they produce a beneficial effect. But this is only a beginning and there must be a continuing program of research in which real solutions are found. My department is planning in this respect and getting ahead with the job.

There has recently been verbal and newspaper comment about air pollution conditions, for example, in the city of Montreal. I think it is necessary to maintain a balance on the question of the dangers that actually exist from motor vehicle pollution. For example, there is no doubt that many residents of Montreal were extremely disquieted when told that carbon monoxide concentrations were recently at danger levels. It was reported in the press that the level had reached 10 and at times 50 parts per million for brief periods. It can be emphatically stated that these levels do not represent dangerous conditions.

The maximum standard set for industrial workers, which is 50 parts per million, is based upon continuous, eight hours per day exposure for a five day week. Workers exposed to these types of concentrations, or higher for shorter periods, do not as a rule experience any symptoms at all. Similar concentrations will be recorded in the vicinity of traffic in any part of the world and reports in

the literature of as high or higher concentrations have appeared for many years.

If these levels of pollution can be reduced without serious loss or disruption to the community, it is self-evident that action should be taken. However, we must not let that obscure the fact that many more serious problems of pollution, such as emissions from heavy industry, still remain to be controlled. We do not want to underestimate the importance of motor vehicle anti-pollution measures, but this is by no means the major problem of its kind facing Canada today.

We in the department are aware of the importance of this whole question. I do not want to go into all the things we are doing, but let me say just a word about the work that is being done. We are undertaking an assessment for the control of air pollution which occurs at the border with the United States, particularly in the Windsor and Sarnia areas. Research studies to determine the most effective ways of controlling air pollution at the source also form part of the current research work of the department.

We realize that while progress is being made the problem is of such proportions as to demand ever-increasing resources when these can be made available. There are many policy implications involved in the development of the components of a national clean air act that might be passed by the parliament of Canada. We are aware that the federal government must take an important and I think leading role in any campaign to control air pollution, and it must be able to fulfil this role by assisting in the co-ordinating of the work of the provinces and the many other agencies involved.

We have under consideration at the present time a number of elements or components that might form part of a national clean air act. The first is the establishment of air quality criteria and emission standards on a uniform, national basis, and their maintenance by an efficient monitoring system to ensure that continuous improvement is made; second, ensuring a uniform approach to the control of motor vehicle pollution and seeing that the requirements involved in such a uniform approach are constantly revised according to the latest available information and progress made at any time; third, the provision of technical assistance to provincial control agencies by means of advice from a specially trained organization within the federal government; fourth, the continuation of research into specific air pollution problems and their effects upon human health and amenities as well as on livestock, vegetation and property.

Of course, as a further component the sources of air pollution within the federal government—I am not talking about the House of Commons—must be regulated by the installation of proper equipment to meet the most stringent emission standards. We think there may be a place for financial assistance to provinces, universities and other organizations to carry on research leading to the control of air pollution.

The hon. member for Parry Sound-Muskoka (Mr. Aiken) suggested the possibility of an advisory council on air pollution or a group of citizens or officials, or a combination of both, which might advise the government or the minister on the control of air pollution in Canada. We are giving serious consideration within the department to this question.

• (4:30 p.m.)

The hon. member for Burnaby-Coquitlam suggested amendments might be made to the Criminal Code to cope with the problem of air pollution especially. The hon. member for Comox-Alberni, who spoke later in the debate, questioned the desirability or necessity of such action. I tend to agree with him on that.

Mr. Barnett: Mr. Speaker, I said that would not be the only or main action in dealing with the problem and, if I may say so, that is all that was suggested by the hon. member for Burnaby-Coquitlam.

Mr. MacEachen: I tend to believe that the development of close consultation with the provinces to achieve the objectives I have outlined might be better in the circumstances than to use, as my hon. friend said, the punitive and restrictive provisions of the Criminal Code of Canada.

Mr. Douglas: May I ask the minister a question? In view of the fact that the two proposals he referred to are not mutually exclusive, do I take it the minister is suggesting that with all the co-operation and consultation with the provincial authorities, with which we thoroughly agree, in the final analysis an anti-pollution program can be carried out purely on a voluntary basis without any authority vested in the government to enforce compliance by some recalcitrant company which refuses to comply with the requests of either the federal or provincial governments?

Mr. MacEachen: No, Mr. Speaker, I would not go that far. The point I was trying to make was that at the present time we think it would be better to proceed along the lines I have described than to undertake amendments to the Criminal Code. The hon. member for Burnaby-Coquitlam suggested the calling of a federal-provincial conference to deal with the matter of air pollution in particular because the subject matter of water pollution and water control has already been before the council of resource ministers. At present there is a great deal of exchange of views between the officers of my department and officers in the provincial governments dealing with air pollution. Work in this field might be stepped up. It may be that the next step is the calling of a technical conference of federal and provincial officers on the question of air pollution, and perhaps at that time it would be desirable to convene the type of conference which my hon. friend suggests, after some very difficult and, as I understand it, technical questions are explored.

I have attempted in these comments to underline the seriousness of this problem as we see it, to try to put it in some perspective and to outline the items that we in the department presently have under urgent consideration and which might form the basis of action by the parliament of Canada to institute a national clean air act with a view not only to protecting the health of the Canadian population but also to maintaining the amenities of urban and rural life in Canada.

Mr. Noble: Mr. Speaker, before the minister completes his statement, may I ask him to tell us whether the government has done anything by way of research to explore what has been done in the heavily industrial areas of Europe such as the Ruhr valley? The inhabitants of that area have been putting up with pollution for a much longer time than we have here and surely they must have taken some action to cope with the situation. I wonder whether their experience has been looked into by the government.

Mr. MacEachen: The officers in the department are constantly examining the experience in all countries of the world as a basis for action in Canada. For example, not only have we examined the experience in Europe but also that in the United States, not only with respect to industrial pollution but also with respect to pollution from motor vehicles and so on. Their experience is not always a clear guide as to what we should be doing here.

Mr. Wahn: With reference to the C.B.C. television program on air pollution which was shown last week end, could I ask the minister whether his department would not have jurisdiction under the existing legislation to take samples of the smoke from the plant which was portrayed in that program to determine whether in fact it is, as suggested, emitting poison in the form of fluorine which is affecting adversely the health of Canadian citizens and of livestock and destroying vegetation?

Mr. MacEachen: The emission from a plant of the kind that apparently was portrayed on television is a well known cause of pollution. It affects the vegetation which is eaten by animals and thus a chain reaction sets in. As I understand it, this particular situation is covered by the Ontario clean air act. The Department of National Health and Welfare is prepared to assist in this situation and to provide any advice or technical assistance at our disposal, but we believe that before we step into this situation we should receive a request from the government of Ontario. If a request is made we will be happy to co-operate.

Mr. Lewis: Mr. Speaker, obviously the steps which the minister outlined are necessary preliminary steps and if followed in a difficult situation they would be helpful. Therefore I should like to ask the minister whether he and his department have set some deadline or some target date by which some national standards will be set, subject to improvement in later months or years, or is this investigation to go on for a very long time? It seems to me that the problem, which as the minister said is world wide, is one that becomes worse daily and therefore a start on the setting of standards and their enforcement should be made fairly soon. I therefore ask the minister whether he and his department have set a target date by which time they will start setting standards.

Mr. MacEachen: At present I think we have a pretty clear idea of what we have in mind to cover this situation, and we propose to press ahead with appropriate recommendations to the government for its consideration which would then be dealt with by parliament. We have not set a deadline but we intend to move on it as quickly as we possibly can.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, the amendment before the house, as has been indicated by several speakers, is a

rather unusual one for this type of debate. It accentuates the positive rather than the negative. It does not particularly criticize the government for sins of commission, which might suggest there have been sins of omission with respect to government policy on resource matters. Because it is a positive statement it has seemed to me, as I have listened to the spokesmen on the government side, that it has caught them unaware.

I am happy to be associated with the amendment as its seconder because it does provide the government with an opportunity to state in positive terms its policies, its programs and its objectives in the important field of resource conservation and the equally important field of resource development. I am going to emphasize in my remarks that part of the amendment which reads as follows:

● (4:40 p.m.)

> ... this house is of the opinion that the government should state immediately its policy on national resources and clearly set out its intentions and objectives generally ...

Up to the present moment, Mr. Speaker, we have had three spokesmen from the government side. The first spokesman, who is a recent addition to the government side, assumed a rather belligerent approach to the problem. I do not think he is quite acclimatized following his transition from a member of the opposition to a member on the government side of the house. He even tried to draw me into the discussion before I had had an opportunity to make my contribution.

The attitude of the hon. member for Medicine Hat (Mr. Olson) reminded me of the approach that used to be taken in the house by a former member who moved from the role of an opposition member to the role of a supporter of the government almost overnight. He has not seemingly had too much difficulty in making the transition. I refer, of course, to the former member from Assiniboia in the province of Saskatchewan who is now resting peacefully in the other place. At one time he used to take the same belligerent approach to all matters.

The second spokesman was the Minister of Energy, Mines and Resources (Mr. Pepin). I rather thought that the minister went on the defensive in his response to the amendment. We provided him with an opportunity to state in very specific and precise terms just what he, as the over-all co-ordinating spokesman for the government, had in mind regarding the problem of resource conservation and development. He admitted that the government had been preoccupied with matters that were of lesser importance so far as the ultimate welfare of the people of Canada is concerned.

So that I will not be accused of misquoting the minister, let me draw the attention of the house to the minister's words in this regard, as reported at page 3396 of yesterday's *Hansard*:

> I agree, then, that this discussion is useful, because it will provide, in my opinion, a welcome antidote to the obsession of some Canadians who visualize all our problems in Canada in the context of national unity.

As reported in the third paragraph on that page the minister went on:

> You know as well as I do, Mr. Speaker, that the public, who has an understanding of those things, is quite aware that problems such as national unity, bilingualism and recognition of collective rights, are secondary as compared with the need for material security and the quest for individual happiness.

I could not agree more with the minister that this house has been too much preoccupied with these things of lesser importance, and in this regard I do not think that the government, which has the ultimate leadership of the house as its responsibility, is entirely free of guilt.

I think one of the reasons we are faced with the critical economic and financial problems that we have been discussing since parliament resumed is the government's neglect to deal in positive terms with the important subject of a national policy on resources, renewable, non-renewable and human. This is why—

Mr. Herridge: Would the hon. gentleman permit a question? The hon. gentleman is a former cabinet minister in a Progressive Conservative government. Why did he not start along that line when he was in office?

Mr. Dinsdale: I was coming to that, Mr. Speaker. I am very glad that the hon. member for Kootenay West (Mr. Herridge) has provided me at this juncture in my speech with the opportunity to indicate to the house, in anticipation of what I had intended to say later, that I think resource development was the keynote of the policy of the former government compared with the present government. However, I shall deal with that in detail later in my remarks.

To get back to the point I was making, Mr. Speaker, I think our current economic

difficulties arise from the fact that the government has allowed parliament to be sidetracked on these less important divisive issues.

I listened with a great deal of interest to the third spokesman from the government side thus far, the Minister of National Health and Welfare (Mr. MacEachen) who has just resumed his seat. He was definitely on the defensive this afternoon. We are used to this minister sounding off in resounding tones and indicating that everything in Canada is for the best under the leadership of this government. He was quite defensive and diffident in dealing with the lack of progress in the field of pollution both of water and of air.

What we should like to see, Mr. Speaker, and what we are asking for—there is still time; we have an hour or so before this debate concludes—is a clearcut statement from the government of intentions and objectives for the future, not a report of what has happened in the past. That was pretty well what the two ministers who have spoken thus far revealed in their remarks. The Minister of Energy, Mines and Resources went back to 1960 and then quoted figures which were current in 1963. I agree that there was a wonderful upsurge during that period under the leadership of the former government, but this is not what we want. Let us not dwell in the past. Let us deal with the problem as it exists at the moment, and let the government state what it intends to do in terms of arriving at concrete policies.

The federal government must provide national leadership in this field. It must provide the co-ordination that is necessary in the resource field in view of the problem created by divided jurisdiction. We have not had any specific information from government spokesmen about the intentions of the government in regard to these matters.

At the outset of my remarks I want to state that I, along with the hon. member for Kootenay West, believe that resource development is of fundamental importance not only in terms of the quality of life in this nation but also in terms of the economic well-being of all our people from one end of the country to the other. The hon. member for Kootenay West specifically asked me why I, as a former minister, did not do something about these matters. I think he will agree if he is objective that the outstanding policy of the Conservative government was one of development of our natural resources.

• (4:50 p.m.)

In 1961 we had an elaborate conference which was designed to come to grips in positive terms with matters that are still being discussed in the house today. Perhaps I should deal with that conference. We moved to set up a similar, comprehensive approach to problems of human resources. I shall not repeat in detail what was done. The hon. member who asked the question was in the house during that period, and if he speaks in this debate I am sure that he will confirm in general terms what I say. It is not good enough for us to look back over those years and speak about what was done then. We must use the body of information which was laid before the people of Canada and parliament in the resources for tomorrow conference. Governments in particular must use all this available information to bring about solutions through legislation.

Mr. Herridge: That is my point.

Mr. Dinsdale: Before this debate concludes that is what I wish to hear the government say. With the permission of hon. members I wish to refer briefly to what emerged from the resources for tomorrow conference of 1961. The conference was convened because of a growing sense of urgency and because we felt that Canada had failed to come to grips with her problems. It was a considered risk in the area of federal-provincial co-operation when the government of that day assumed its leadership responsibilities. Until then the buck-passing or log-rolling technique with respect to resources which came under the purview of the provincial authorities had been resorted to.

I read ministerial speeches which come across my desk in profusion. I am sure the Minister of Energy, Mines and Resources will recall his appearance before the Canadian Bar Association convention in Winnipeg on September 1, 1966. The convention dealt with the subject of jurisdictional responsibility and I noticed that he was tiptoeing gently through the tulips on that occasion.

The national government must manifest leadership in this field. This must be done diplomatically, it is true. But it must be done if we are to have a national policy. Perhaps I should not speak of a national policy; perhaps the appropriate words are "federal policy". As the chairman of the steering committee which planned the resources for tomorrow conference, I remember being careful to use the phrase "co-equality" when addressing the participating ministers.

I wish to remind hon. members that the resources minister for the province of Quebec at that time was a man who has recently been prominent in the news, Mr. Rene Levesque. I always found Mr. Levesque most co-operative in matters that dealt with the development of an over-all national resource policy that would be in the best interests of the Canadian economy as a whole. If the Liberal party—and I am giving them friendly advice now—had kept Mr. Levesque occupied in this constructive and positive field rather than permitting him to detour into such divisive fields as national unity and so on, they would not have been faced with the unhappy situation which came to a head in Quebec city about a week ago.

I wish to remind hon. members that Mr. Levesque is one of the founding fathers of the resource ministers council. After that group was established he became its third chairman, functioning positively and making a real contribution during the difficult early days of that body's operation. There is a lesson for us all in this.

We ought to place emphasis on those aspects that bring us together, that unite us in common objectives and programs which are of general benefit to the nation, rather than placing emphasis on those things which divide us. We can well do without detours into such fields as national unity, biculturalism and all the other problems which have faced this parliament during the past few years.

Out of the resources for tomorrow conference came a fundamental principle which I think ought to motivate all Canadian governments. It added a new dimension to the concept of conservation. All members of the house are greatly concerned about problems of pollution and so on. I shall not delve into that aspect of the debate. We are equally concerned, I trust, about developing our resources, both renewable and non-renewable, to ensure their best economic use for the good of all our people. This is the accent that emerged from the papers, discussions and documentation of that important conservation conference.

Until then conservation had meant "preservation". By conserving we had meant that our resources would be saved simply by leaving them unused. This idea is a hangover from the frontier period of Canadian development when it was felt that our supply of resources was unlimited. Then we thought that when we had exhausted exploited and violated resources in one part of Canada we had only to move to another part of what was considered an unlimited frontier and continue with the process of destruction. Suddenly we realized that the frontier in Canada no longer existed. We had to take a more positive approach to developing our resources.

Today we no longer merely preserve or save our resources. All our renewable resources particularly must be developed fruitfully to ensure their availability for future generations. If we are to develop our renewable resources without impairing them for future generations we must plan carefully and positively. In other words, this concept of conservation is a concept of management through which we shall bring about a continuing yield from our resources without impairing them.

• (5:00 p.m.)

The resources for tomorrow conference gave rise to the basic principles of wise management and multiple use. The government has been extremely weak on these two points. It goes from one ad hoc solution to another ad hoc solution of these problems as they arise. In other words, the government is so busy facing the urgency of the immediate that it cannot see very much beyond its nose in respect of these matters. It is the old Liberal policy of laissez-faire drifting.

Let me be specific and apply these principles to one or two areas that have been outlined in the amendment, for example, in the field of non-renewable resources such as gas and oil to which the hon. member for Qu'Appelle (Mr. Hamilton) devoted almost his entire speech and for which he was so roundly criticized by the new member of the Liberal party, the hon. member for Medicine Hat. Notwithstanding the fact that the hon. member for Qu'Appelle concentrated on one point, I am afraid it went right over the heads of hon. members opposite. They have not yet come to grips with the principle that he was endeavouring to have recognized by the responsible ministers.

It was alleged that the hon. member for Qu'Appelle was critizing the National Energy Board. This is a typical red herring technique. At another point a Liberal spokesman, I think it was the Minister of Energy, Mines and Resources, indicated that we on this side of the house, and in particular the hon. member for Qu'Appelle, were criticizing the United States federal power commission. If we review the hon. member's speech carefully we see he was doing neither of these things. In fact he was commending the National

Energy Board for the new element of stability and progress that it has introduced into Canada's energy policy since it was established. The minister himself recognized this when he quoted statistics showing the tremendous upsurge between 1960 and 1963, following the establishment of the National Energy Board, compared with the confusion that existed in energy policy prior to 1957.

What the hon. member for Qu'Appelle was trying to get across to the minister was that we recognize the important role of the National Energy Board and that at this important juncture in negotiations with the United States and the federal power commission the government of Canada or, as the amendment says, this house as a whole, should give some moral support to our own energy board in the critical negotiations taking place today.

We are not criticizing the federal power commission for its stand. It is defending consumers in the United States. What we are criticizing is the failure of the Canadian government to defend our own National Energy Board, and its failure to go over the head of the federal power commission, if necessary, so that we may have continued good relations between our two countries in the field of resources. Such good relations can only be achieved through mutual, intergovernmental understanding.

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

Mr. Dinsdale: Certainly.

Mr. Pepin: Is the hon. member recommending that the government tell the National Energy Board to refuse the Westcoast application before holding a hearing and gathering all the facts?

Mr. Dinsdale: The hon. member is merely suggesting, as has been the case in the past, that the National Energy Board be made aware that the government and this parliament are anxious to support the principles laid down in the National Energy Board Act whereby the welfare and interests of Canadians should be considered as being paramount, especially when it comes to the question of exporting our own natural resources. This is exactly what the government is not doing.

In this case there are two private corporations involved, Westcoast Transmission in Canada and El Paso in the United States. El Paso had agreed that the Westcoast company's proposal was acceptable to it. It was happy to get gas on the terms laid down by Westcoast, but the federal power commission interfered with the happy relations existing between these two private companies. Surely one does not have to draw any diagrams in this respect.

When the United States government through its energy board tries to upset an agreement, which is in the best interests of Canadian producers and conforms to the regulations laid down in the National Energy Board Act, surely the only recourse is for the government of Canada to indicate through continuous consultation with the powers that be in the United States that this is not going to facilitate the happy relations which have existed between our two countries on export matters up to this point. As my father used to say, "A wink is as good as a nod to a blind horse."

Mr. Pepin: Is it the hon. member's recommendation that the government of Canada should have denounced the decision of the federal power commission before the second application of Westcoast came before the National Energy Board?

Mr. Dinsdale: Mr. Speaker, I simply do not understand why the minister cannot grasp the point. It was laid before him in a lengthy speech by the hon. member for Qu'Appelle. It is so simple that the "wayfaring man need not err." The minister knows the other part of that Scriptural quotation.

Mr. Pepin: I am trying to get from the hon. member exactly what he would have done, because the way I look at it is that we must first receive the decision of the National Energy Board. If that decision is a positive one, one favourable to the Westcoast new application, it will come before the government and the government must then decide whether to endorse it or not.

Mr. Dinsdale: The point is very simple. The minister and the government should indicate that they strongly support the arrangement which was reached between the two private companies concerned. When I had ministerial responsibility we were constantly in touch and in consultation with our American counterparts because of the obvious, close, economic relationships. For obvious reasons I do not have that entrée now.

Mr. Pepin: Was the hon. member in touch with the federal power commission when he was the minister?

Mr. Dinsdale: I said I was in touch with our counterparts, and the federal power commission is not the counterpart of Canadian ministers. At least I hope it isn't. I am sure the minister knows what I am talking about, if he only wants to understand.

• (5:10 p.m.)

It might be that the government's equivocation and vacillation just a year ago on the matter of the looping of the trans-Canada pipe line to the east aroused the ire of the F. P. C. and this is why it is making it so difficult for us at the present time. The minister knows that the government reversed itself in those very important negotiations, and yesterday I was very pleased to hear him defending the policy we recommended at that time and which was ultimately adopted by the government.

Let me conclude my observations on gas and oil by saying it is not enough to maintain happy relations, mutual respect and confidence between our two nations, to report from time to time that L.B.P. and L.B.J. have met at Hyannis Port, ushering in a honeymoon period, or have met down on the ranch and everything is wonderful between our two countries. We must have continuing contact and continuing consultation.

This is all we are asking the government to do. We want a positive statement clearly setting out its intentions and its objectives. Surely the consultations that were established back in the 1960's and the meetings which became necessary with the United States ministers in establishing the National Energy Board can be retained on a continuing basis so that we can avoid the sort of "High Noon" confrontation that is represented in the situation which faces Canada and its National Energy Board at this particular moment.

I trust that the government will yet take advantage of this opportunity to support members of the opposition—the point of view on this side of the house seems to be pretty solid—in urging the responsible political powers in the United States to be reasonable in these matters in the best interests of all concerned. It is not only in the field of gas and oil that continuous consultation is necessary. We also have international water problems. I know that during the days when I had some ministerial responsibility this was another matter we discussed with cabinet members in Washington. It could well be that in days which are not too far away the economic use of water will become even more important than the exploitation of our gas and oil. For example, at present there is much talk about the billions of dollars in water which flow each year out of one province, the province of Alberta, and yet we have hardly begun to discuss these matters with the United States. We have not even co-ordinated our own domestic policies on water resources.

One of the basic recommendations which came out of the resources for tomorrow conference was that the government of Canada should set up an advisory committee on water in order to achieve consultation and co-ordination on policy right across the country. True enough, we have the resource ministers council backed by its secretariat, but that council cannot do everything. Unfortunately there has been a tendency on the part of the government to use the resource ministers council as an excuse in the same way as it has used the provincial governments. Time and time again we have heard it said that Ottawa cannot do anything because the responsibility rests with the provinces. Now we are hearing it said that Ottawa cannot do anything because the matter is in the hands of the resource ministers council.

In addition to the recommendation that the resource ministers council be established, another specific recommendation was that a national advisory committee on water be set up to deal with the problems outlined by experts on water pollution and also to deal with the very important question of the economic development and exploitation of this important resource. I do not think I need to go any farther in that regard.

Mr. Pepin: May I ask the hon. member whether he is aware that last week an agreement was signed creating a Saskatchewan and Nelson river board?

Mr. Dinsdale: That brings up the matter of the Prairie Water Conservation Board activities. The minister's question has provided me with the opportunity to deal with this point. Those negotiations started back about 1961. I am amazed that it has taken the government so long to come to a conclusion on these matters. I thought they were all set in 1963 to have this important study in respect of the Nelson river water basin concluded. The other day the minister tabled in the house the agreement negotiated over the period 1961 to 1967. That is not what one might call making very rapid progress in the field of water conservation.

Mr. Pepin: Mr. Speaker, I am quite sure the hon. member would not like to create the impression that this represents sins of omission on the part of the federal government. I am quite sure the present government continued quite aggressively what he says he had started.

Mr. Dinsdale: This brings me back to the point I made in my introductory remarks to the effect that the problem of resources development on the national level is a federal responsibility. The government of Canada must assume some leadership responsibility. Unhappily, the emphasis has been on the things which divide us rather than those which bring us together. The minister knows what I mean. He mentioned this yesterday in his speech when he said that we have not been able to get a basis of understanding among the provinces. Since he asked me a moment ago about the prairie water development agreement, I can only reply that I am surprised it has taken so long for this government to bring it to a conclusion when we were having such happy and cordial preliminary discussions as far back as 1961 and 1962.

Mr. Pepin: What did you do in 1961, 62 and 63?

Mr. Dinsdale: We were negotiating and on the point of agreement at that time. I cannot understand why it has taken so long. This is the reason I am critical of the statement the minister made yesterday.

Mr. Pepin: The point was not as near as my friend says it was.

• (5:20 p.m.)

Mr. Dinsdale: The minister is going back into the past. He recited statistics concerning what had been done between 1960 and 1963 and so on. We want to know what the government is doing today. You cannot rest on the projects and programs of the past administration. You must seize the initiative and leadership in this field.

I should like to mention one other area of interest if time permits. I have in mind the matter of power development. Here, along with water, gas and oil, is one of the areas in respect of which Canada is rich in resources. Again, discussions were begun in 1962. A conference was held with all the provincial governments and a working committee was established so that we might move as quickly as possible toward the establishment of a national power grid on the basis of high voltage and long distance transmission. What has become of that working committee? This is what we would like to hear about from someone on the government side. Is it working?

Mr. Pepin: I answered a written question on this subject a couple of months ago.

Mr. Dinsdale: The only intertie which has emerged so far is the grid that was established in 1960 in the Atlantic provinces under the Atlantic Provinces Power Development Act. This is the only grid system which has been established in Canada. Why has it taken so long to move forward in this area where Canada is abundantly rich in resources? This is what we want to know. We are trying to find out what is going on over there. The government seems to be in a state of somnolence so far as these matters are concerned.

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, it is rather late in the day so far as this debate is concerned but there are a few brief comments I should like to make in respect of the matters which have been raised in the amendment now before the house. A number of members who have participated in the debate have mentioned the fact that the amendment is an exceptionally broad one. If one were to give it the fullest possible application it would cover almost every responsibility which comes within the jurisdiction of the federal government. It refers to the various kinds of natural resource development. It even brings up the question of human resource development. Even though there are many matters of real importance mentioned in the amendment, it would seem to me it is a rather general one upon which to vote want of confidence. However, as I have indicated there are a few comments I should like to make in connection with some of the matters which have been raised.

I am sure we all agree that one of the great needs of our country is to have a continuing development of our natural resources. In Canada we are exceptionally blessed with a vast store of natural resources. If we had the opportunity to scan an inventory of our resources I believe it would give most of us a greater appreciation of the great country in which we live and which we look upon as our home. I believe that the proper husbanding of these resources, including their careful

exploitation for today's needs and also their sane conservation for the benefit of generations to follow, is one of the great problems which faces any government. When we look at the amendment before us we see that reference is made to the development of these resources. It refers to energy, including gas, oil, electric transmission, and so on. It deals with water, and then branches out into a number of other areas of concern such as agriculture, forestry and fisheries. Then, moving even farther afield it brings in the important matter of human resource development.

We have listened with a great deal of interest to the various statements which have been made with regard to the gas and oil problems facing our country. We have listened to the discussion relative to the National Energy Board, the applications of the company involved to export gas, and so on. The policy of this party in this connection is that we believe in the export of these resources after it has been established that the needs of Canada and Canadians for the present and the future have been fully taken care of. We believe that in order to make this possible every effort must be made to facilitate the distribution of these resources in a manner which will be of benefit economically to our country, to the various areas in which the production of these resources takes place and, as I have said, to ensure that Canadians have adequate supplies of these valuable commodities.

I wish to mention in particular the subject of our water resources. This has become an increasingly important issue since it appears that the supplies of fresh water are becoming exhausted and that our friends to the south in particular are looking about in desperation for new sources of adequate fresh water supplies. It is not only the United States that is concerned about this problem. I believe that Canadians are more than ever becoming aware of the importance of protecting our fresh water supplies and doing everything possible to ensure that there is an adequate supply of fresh water in this country.

During this debate it has been pointed out that one can pick up practically any magazine today, particularly technical magazines but other magazines as well, newspapers, departmental reports and reports of various research commissions and committees and find that they all have a great deal to say about the problem of pollution of water, pollution of the air and pollution of the soil. I believe this is one of the major problems which confront us today. A short time ago I read an article which dealt with the problem that our friends in the United States are facing. It pointed out that if the United States authorities would embark on a real crash program to purify the water they already have they would not be looking about so desperately for new sources of supply. It is because of pollution that they are in their present predicament. This should be a warning to us in Canada that unless we give attention to this matter and deal with it effectively we will reach a point where we will be in desperate straits so far as adequate supplies of fresh water are concerned.

• (5:30 p.m.)

The problem of pollution has been raised on many occasions from a national, regional and local point of view. Within the past two weeks I have received communications, as I suppose other members from British Columbia have, from organizations which are alarmed about the pollution problem in the lower reaches of the Fraser river. They point out not only the health hazard but the danger of this condition in relation to the fisheries industry. They have made representations that extreme care be taken to ensure that the situation is not further aggravated. They are urging that definite plans be instituted to clear up the problem in order that our waters can be made safe.

Pollution affects not only the waters of our nation but also the air, and ample emphasis has been placed on this danger this afternoon. Soil pollution is also becoming a problem. This was brought to my attention by one of my constituents who attempted to obtain an N.H.A. loan. He purchased a ten-acre plot outside the populated area of Abbotsford. When he made an application for an N.H.A. loan he was told that no loan would be forthcoming because of regulations in respect of soil pollution. This man intended to build a home on a ten-acre plot but could not obtain an N.H.A. loan because of the danger of soil pollution. In spite of this we find that in many areas pollution is being looked upon with little concern and in many instances little is being done to solve the problem.

There are references in the amendment to agriculture, forestry and fisheries. In relation to recommendations in respect of agriculture, let me refer briefly to the submission to the Prime Minister (Mr. Pearson) by the Canadian Federation of Agriculture on February 22, 1967. The brief deals with agricultural development and on page 44 we find the heading

"Land Resources Study". I do not intend to take time this afternoon to read these recommendations because I assume that every member of parliament has already done so. Special emphasis is placed on the importance of land study in agricultural development, and I think this fits in very well with the reference in the amendment to the fact that consideration should be given to agriculture. The brief contains one recommendation relating to forestry which is of importance.

I have with me a memorandum to the government of Canada from the Canadian Labour Congress which deals at some length with these matters. It calls attention to and emphasizes the fact that these resources are important to the Canadian economy and the Canadian people. It urges the government to evolve an over-all policy in respect of the development of these resources, while at the same time applying conservation techniques. These policies must take two objectives into account. First of all we must exploit these resources for the benefit of those of us who are living today. We should not take the attitude that we dare not develop these resources but must protect them and deprive ourselves of the immediate benefits. There is a difference, however, between utilizing them for human betterment and wasting them. There is a clear distinction between these two propositions.

A recent letter published by the Royal Bank of Canada refers to this age as the "throw-away age" and it deals at some length with the wastage of not only material but human resources. There is a difference between wastage and the exploitation of resources for the advantage of society. Policies evolved by the government must be policies providing for the economic well-being of the people today while at the same time providing conservation for the benefit of future generations.

The ultimate purpose of the development of natural resources is closely related to paragraph (d) of the amendment which refers to human resources. The ultimate purpose of the development of our natural resources must be related to the full development of human resources. I hope the fact that human resources are mentioned last in the amendment is not indicative of the relative importance of human and natural resource development.

Let me deal briefly with the development of human resources. We are in danger of becoming engrossed with the physical and material aspects of our society. We are becoming overwhelmed by advances in science and technology. We are awed by the magnitude of our universe and we are impressed by the concept of internationalism. In other words, so accustomed are we to looking at the big and spectacular developments of our age that we are inclined to overlook the principle that man is the most important unit in our society. Although the development of our natural resources is of great importance I believe supreme importance remains with the development of our human resources.

Today we consider the phrase "wastage of human resources" in the sense of a potential loss so far as society is concerned. We think of the little which has been done to assist the mentally retarded in reaching the highest degree of development and progress of which they are capable. We think of the members of our society incarcerated behind prison bars whose capabilities are being wasted so far as constructive, useful and creative activity is concerned. We think of the maladjusted and less fortunate individuals in our society. We must direct our energies and our dedication as well as our financial resources to the solution of these problems just as we direct them to the field of resource development. The same concern and endeavours must be applied to our human resources.

What are some of the things of importance to the development of our human resources? We think immediately of health, which is our greatest asset, and we think of the knowledge and skills required to enable us to take our proper places in this automated and technological era. We think of the importance of inculcating into the minds of our people a sense of values in respect of the development of our society and we think of the opportunities that must be made available to every individual regardless of his or her capability, social standing or economic position. We must create equal opportunity and remunerative employment and place them within the reach of all our people wherever they may live. We must bring the development of human resources to the point where each and every member of our society has the right to the opportunity of developing his or her personality to the utmost degree possible, the right to make a constructive contribution to society and the right to move forward with their fellow men in the creation and development of a society which will guarantee to each and every one the possibility of living in an environment consistent with the dignity of the individual.

• (5:40 p.m.)

Not only must we emphasize the importance of the individual but we must recognize the fact that a necessary concomitant of this principle is an economic climate in which full opportunity is given for the exercise of individual initiative and the fulfilment of individual responsibility. I should like to emphasize once again that all our activities, all our endeavours, all our programs, all our projects, everything we endeavour to accomplish, are of value only as they contribute to the betterment of people. I think the scriptural precept, "The Sabbath was made for man and not man for the Sabbath," was referred to yesterday. I believe we have to change it and say that the tremendous resources of this country are here for the benefit of mankind and everything we do must be directed toward the accomplishing of that objective.

I appreciate the opportunity of making these few comments on the amendment. Much has been said about the laxity of the government in meeting some of the problems that face us. They are problems that confront people everywhere and every level of government. I suppose that some conclude they can make a better contribution and deal with them in a more efficient way than others. But I trust we realize that in the working out of these problems it will take the very best of our collective wisdom, judgment, insight, industry, everything that we possess, to find their solution and to move forward into the better type of society that we all wish to see established.

Mr. Richard Cashin (Parliamentary Secretary to Minister of Fisheries): Mr. Speaker, like most hon. members, I am sure, I have followed with interest this classic example of the shotgun, machine-gun approach of the opposition. There seems, however, to have been one consistency throughout the speeches of all hon. members opposite and that is a considerable variance from the facts.

I wish I had before me all the statements of the previous Conservative speaker, the hon. member for Brandon-Souris (Mr. Dinsdale). It would appear to somebody outside parliament who had never before been in Canada, knew nothing of Canadian history or of the development of government in this country but had listened to the hon. member's speech from one of the galleries, that through some accident of fate a great and enlightened administration which had bestowed wonders on the Canadian people had been unfortunately removed from office because of some miscalculation in 1963 and had been replaced by a government that had done nothing up to this time.

Mr. Dinsdale: The people realize that now. Look at the Gallup poll.

Mr. Cashin: Nothing could be farther from the truth. The hon. gentleman opposite asked for federal initiative to be taken. When questioned by the Minister of Energy, Mines and Resources (Mr. Pepin) he said, as he evaded and avoided the answer, that unfortunately the minister did not get the point. I agree with him. The minister did not get the point and I do not think anybody else got it. I have considerable doubt that there was any point in what the hon. member was saying.

It seems to me that a great many federal initiatives have been taken in the field of resources. For example, I could point to the work and programs of the Department of Forestry and Rural Development. The programs undertaken by this department are an example of a great and unprecedented initiative of the federal government to deal not only with human resources but, in specific areas, those natural resources which can properly be developed and exploited in conjunction with the beneficial development of our human resources.

Mr. Dinsdale: Under our ARDA program.

Mr. Cashin: In fact, one of the great things we are now discovering about the Department of Forestry and Rural Development, in contrast to the vague suggestions of the hon. member opposite, is this. Under the previous administration we had a shotgun approach to these problems and nothing of consequence was accomplished. It was up to the present administration, under the distinguished minister from the Magdalen Islands, the Minister of Forestry and Rural Development (Mr. Sauvé), to establish a co-ordinated, comprehensive program to give meaning to what hitherto had been a fuzzy idea of hon. gentlemen opposite.

I congratulate the hon. member for Brandon-Souris in this respect because it is better to have six years of government with one fuzzy idea than to have six years of government with no ideas. I congratulate the previous administration for having produced something, fuzzy and obscure as it may have been but nevertheless a worth-while idea, during their six years in government.

Policy Statement on National Resources

If the Canadian people could have afforded to wait another generation that idea might have crystallized and we might have seen in the next generation the initiative that this government is now taking to deal with this problem.

Mr. Dinsdale: Tell us about that initiative.

Mr. Cashin: The first and most important initiative is the provision under the FRED legislation of a $300 million fund for rural development. The second is the recognition, hitherto ignored, of the need for co-operation and planning on a regional level involving the federal government and the provincial governments and, as important, the co-ordination of effort within these levels of government in order to achieve the ultimate objectives of the FRED program.

I shall read the objectives of that program because the hon. member opposite just asked me to tell him about the initiatives of this government. The hon. gentleman is like a horse. You can lead him to water but you cannot make him drink.

Mr. Macdonald (Rosedale): The wrong end.

Mr. Cashin: Perhaps, as the hon. member has suggested, the hon. member for Brandon-Souris has been taken by the wrong end.

Mr. Dinsdale: That is a typical remark of the hon. member for Rosedale (Mr. Macdonald).

Mr. Cashin: However, Mr. Speaker, hon. gentlemen opposite made one thing clear, namely, that they dismissed completely and paid no attention at all to some of the problems that have arisen in this field. I suggest this would have been a much better debate had they taken issue with the government on specific programs and policies which we have introduced. In that way they could have put forward constructive criticism. But it seems commonplace among members of the opposition to ask generalized questions such as, what are you going to do, when it is not their responsibility. During the course of this debate hon. gentlemen opposite have not offered anything that could approach constructive advice.

The FRED legislation provides the main basis for joint federal-provincial comprehensive development planning in alleged underdeveloped rural regions. It provides that areas, selected jointly by the federal and provincial governments, which are subject to widespread low income, possess major adjustment problems and yet have some recognized development potential, are eligible for special assistance. Under the terms of this act and under the federal-provincial rural development agreements the program, for the benefit of hon. gentlemen opposite, involves the following: First, physical, economic and social studies and investigations of all sectors of the region to determine its developmental problems and potentials; second, the participation of local people through the establishment of rural development committees or similar bodies and, finally, the preparation of comprehensive development plans incorporating a broad range of projects whose purpose is to increase income and employment opportunities and to raise standards of living.

• (5:50 p.m.)

The hon. gentleman has asked for an example. He has only to go to his own province of Manitoba to get an example of the working of this program, and I refer of course to the recently signed agreement.

Mr. Schreyer: Would the hon. member permit a question? Does he mean to say that the ARDA or P.F.R.A. programs in Manitoba have been transferred into actual, tangible works?

Mr. Cashin: I did not say they have been transferred into tangible works. Certain aspects of this program have only recently come to fruition. Certainly I make no suggestion that a miracle is involved. I leave such pie-in-the-sky sentiment to my hon. friend opposite.

Another good example is the northeast agreement in the province of New Brunswick. If there is any question as to how well this has been received by the people of New Brunswick we have only to reflect a little on the results of yesterday's election in that province. It is quite clear to me, if one looks at the results of that election, that the people of New Brunswick were satisfied with the initiative which has been taken jointly by the federal and provincial governments, notwithstanding the combination of the Van Horne-Stanfield axis and their attempts to abort this program and progress in that province. Other provinces, such as Nova Scotia, Newfoundland and Prince Edward Island, are now preparing similar programs. These are comprehensive programs which deal with the development of natural and human resources in these areas.

I suggest to hon. members opposite that this is a good example of federal initiative in this field. I am not suggesting that because the federal government has brought in a

good program the principles of which are correct we should not have constructive comments from hon. gentlemen opposite, but it is impossible to have a constructive debate if hon. gentlemen opposite refuse to believe that any such programs exist. The government has done something in these fields, and if hon. gentlemen opposite want to be helpful I think they should first address themselves to learning something about the initiatives of the federal government. I am quite sure that in many of these programs there is room for improvement and for constructive criticism. I suggest that would make a much more realistic contribution than the absurd statements made by the hon. member for Brandon-Souris (Mr. Dinsdale) who completely dismissed the fact that there were any developments or initiatives.

Mr. Dinsdale: On a question of privilege, Mr. Speaker, the hon. gentleman referred to my remarks as absurd. That is merely his opinion. He is a master of absurdities.

Mr. Cashin: I must suggest to the hon. member that I have received quite a good course in absurdities from hon. members opposite during the course of this debate and therefore I am quite able to judge them.

There is another area in which the federal government has taken an initiative so far as resources are concerned. I refer to the programs of the department of manpower, the specific purpose of which is to upgrade people's skills and give them opportunities to get better jobs. Surely this is one of the most significant initiatives taken by any government anywhere in the world to develop human resources. In dealing with a program of this magnitude there is obviously room for constructive criticism and for suggestions. Nevertheless, during the course of the speeches made by hon. members opposite in support of the amendment introduced by the former minister of agriculture never once did they address themselves to the existing programs and policies of this government which have received widespread support throughout the country and which are leading initiatives in relation to programs undertaken by governments in other countries. Not once did hon. members opposite offer any constructive criticism or helpful advice on how these federal initiatives could be improved.

Recently I had the opportunity to visit the province of Prince Edward Island and to obtain some first hand information on what the department of manpower is doing in that province to offer new skills and new job opportunities to people in rural areas. I have seen the same program in operation in Newfoundland, and I am sure the same is true in other parts of Canada. There is also the manpower mobility program which is aimed at making it easier for Canadian citizens to move to areas where jobs can be obtained.

I should also like to make some reference to the policies of the Department of Fisheries. Hon. members opposite have said that the government has no fisheries policy. I point out that in 1964, at the calling of the present Minister of Fisheries (Mr. Robichaud), a national conference on fisheries was convened which laid the groundwork for considerable development in that field in the three years since then. In fact these have been the three most dynamic years in the growth of fisheries in Canada. We have had, for example, a series of conferences sponsored by the federal Department of Fisheries which have led to practical results.

One of the most helpful conferences which the Department of Fisheries held as part of the fisheries policy enunciated at the federal-provincial conference in 1964 was the conference on herring in the Atlantic provinces which has led to a tremendous increase in the development and exploitation of that resource in the four Atlantic provinces.

Mr. Nasserden: Particularly the red herring.

Mr. Cashin: The hon. gentleman opposite has brought in a red herring. Of course that is nothing new from my hon. friend from Saskatchewan. It is unfortunate he did not participate in that conference as I am sure he would have brought more brilliance to it than did some of his colleagues, and it is a great pity that some of his best remarks are made from his seat. May I call it six o'clock, Mr. Speaker?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Cashin: Mr. Speaker, before the dinner adjournment I had mentioned a number of very significant initiatives which the present administration had taken in the field of resource development. I made particular reference to the initiatives taken by the Department of Forestry and Rural Development, placing emphasis on the fund for rural economic development and the steps that have

been taken in several provinces in Canada to co-ordinate a comprehensive federal and provincial plan in order to develop resources, both natural and human, in these specific areas.

I also pointed out to the house that this contrasted with the shotgun or machine gun approach of the previous administration. I mentioned the fact that opposition speakers had made such sweeping generalizations as really to weaken their own arguments. Perhaps they would have been well advised to recognize the fact—and fact it is—that in a number of important areas the federal government has taken several important and broad initiatives.

As I said, Mr. Speaker, there may perhaps be room for constructive criticism that would be helpful to parliament and to the country, but it would seem that the tactics of the official opposition have not really changed very much from what they had been in earlier parliaments. This I suggest affects seriously the credibility of the arguments advanced by hon. members opposite.

I would also point out in passing one oversight—as I am sure it was—in the speech of the former minister of agriculture, who was criticizing the government for 22 cent power, I believe it was. I would draw to his attention that the administration of which he was a member sold power at the border for 24 cents. Although this was at a considerably later date in time from the 22 cent contract, I do not think that this action when he was a minister in that administration is at all in keeping with some of the things he would like us to believe as a result of the speech that he made in this house.

The hon. member for Burnaby-Coquitlam (Mr. Douglas), in his usual style of oversimplification, also suggested that there was a dilemma, or something of that sort, over the type of policy that we should adopt in this country. On the one hand the leader of the New Democratic party suggested there is such a thing as a continentalist approach, while on the other hand he suggested there was a nationalist approach.

I hope that for the sake of this country and of this parliament there is a third approach, one not so ideologically hidebound or restrictive as that adopted by the leader of the New Democratic party. I should like to think that as Canadians we can take a pragmatic approach to the development of our resources and not be concerned about any taboos when it comes to dealing with other countries.

[Mr. Cashin.]

I have a tremendous fear that if the kind of thinking which is exemplified by the leader of the New Democratic party were to become widespread in this country we would in fact return to an isolationaist position which I suggest is not in keeping in this modern world. I also indicate, with all due respect, an inaccuracy in the speech of the hon. member for Burnaby-Coquitlam. He said that power was being sold in Seattle at 22 cents. That is not correct; it is being sold in Seattle at 35 cents.

I also made reference before the supper hour to policies and programs of the government as far as fisheries are concerned. I draw attention to the fact that today in Ottawa a very important conference is being held which can have far-reaching effects on the development of our fisheries resource and the maximum utilization of that resource. The fish portein conference is being held this week in Ottawa, and this protein is commonly known as fish flour. Tonight in the Confederation room a number of members of parliament had an opportunity to taste food prepared with fish flour, and I think most came away with the impression that the development of fish flour has great potential.

As one who knows, like my hon. friend from Antigonish-Guysborough (Mr. Stewart), I am sure that great progress will ultimately be made in the development of this protein for world consumption and that great benefit will accrue to the fishermen of eastern Canada largely as the result of the initiative taken by this government. However, I want my friends from western Canada to rest assured that world demand for flour will be such that they will be able to maintain their traditional markets. I think that the conference now being held, which is one step in a series of initiatives taken by this government in developing a fisheries policy, is another example of how absurd were some of the comments which have been made by hon. gentlemen opposite.

The hon. gentleman from Brandon-Souris (Mr. Dinsdale) seems to have quite a gift for making the rather ridiculous and absurd seem plausible. While I envy him this gift, and while indeed at times by his mere demeanour in the house he may be able to convince us that he is speaking from Mount Sinai, anybody who takes the trouble to examine the facts will surely realize that in the field of fisheries resources—in fact, in the whole resource field—this government has

taken a series of initiatives in the development of broad and comprehensive policies, policies which must of their nature be changed as conditions change.

I made mention of the policies of this government in relation to human resources, particularly the program of the Department of Manpower and Immigration which is one of the most imaginative concepts undertaken by any government in any part of the free world. I also drew attention to the relationship of this department to the work it is doing with the regional economic and resource planning being undertaken by the Department of Forestry and Rural Development in co-operation and consultation with the provinces. Surely the kind of thing that is now emerging under a Liberal administration as far as the concept of ARDA is concerned is much more comprehensive and practical, and will have much more effect than the rather haphazard, shotgun approach envisaged by hon. gentlemen opposite when they were in office.

I might say that as far as fisheries development is concerned—and I made reference to the great conference that was called in 1964—

Mr. Woolliams: In 1961.

Mr. Cashin: In 1964 a great fisheries conference was called. I am glad to hear my hon. friend from Bow River (Mr. Woolliams) make his usual contribution to the debate. I see that nothing much has changed about him since hon. members over there have taken new leadership.

Mr. Forrestall: What happened to your leadership?

• (8:10 p.m.)

Mr. Cashin: I am glad to see the hon. members on the other side are so happy. They are still the same old bunch over there. I listened to some of their speeches.

An hon. Member: Listen to this.

Mr. Cashin: I see they have not lost the old touch.

An hon. Member: Famous last words.

Mr. Cashin: One of their friends in New Brunswick yesterday was closer in touch with realities than his friends here are. Even with the help of the great white father from Nova Scotia, who showered him with affection, his party was unable to save the day in New Brunswick.

Mr. Danforth: Worry about yourself in Newfoundland.

Mr. Cashin: I am glad to hear hon. members on the other side cackling. Their comments are so witty and original. I hope *Hansard* is getting them.

An hon. Member: Worry about yourself.

Mr. Cashin: I mentioned the 1964 fisheries conference. It was the first conference of a series and was instituted by the Minister of Fisheries. Its aim was to help to develop the catching of other species of fish—

An hon. Member: Lots of fish here.

Mr. Cashin: —in the Atlantic provinces. Until then the Atlantic provinces had depended on catching a limited number of fish species.

An hon. Member: Something fishy there.

Mr. Cashin: Unlike hon. gentlemen opposite, who know of only one sort of fish, the red herring, the people of the Atlantic provinces mean what they say. The development of our fishing resources brings about a development of human resources. It has great economic consequences for Canada, as has the development of other resources.

The Department of Fisheries has successfully undertaken in the four Atlantic provinces programs such as I have mentioned. Those programs are having tangible effects and are helping fishermen in those provinces to increase their incomes. At the same time the resources of the area are being diversified. Of course certain types of fish are overfished, but this problem the Department of Fisheries has dealt with previously and will continue to deal with.

In conclusion—

Mr. Deputy Speaker: Order, please.

Mr. Monteith: The hon. member has concluded.

Mr. Deputy Speaker: It being eight fifteen o'clock it is my duty, pursuant to standing order 56(4)(d) to interrupt these proceedings and to put forthwith the question on any amendment before the house.

The question is on the amendment to the amendment.

Division

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

YEAS

Messrs:

Aiken
Alkenbrack
Baldwin
Barnett
Beaulieu
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bower
Brand
Brewin
Cadieu (Meadow Lake)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Churchill
Coates
Crouse
Danforth
Diefenbaker
Dinsdale
Dionne
Douglas
Fane
Fawcett
Flemming
Forbes
Forrestall
Gauthier
Germa
Godin
Grills
Gundlock
Hamilton
Harkness
Hees
Herridge
Horner (The Battlefords)
Howe (Wellington-Huron)
Irvine
Jorgenson
Keays
Knowles
Korchinski
Lambert
Laprise
Lewis
Loney
MacDonald (Prince)
MacEwan
MacInnis (Cape Breton South)
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
Macquarrie
MacRae
McKinley
McLelland
McQuaid
Madill
Martin (Timmins)
Mather
Monteith
Moore
More
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Orlikow
Ormiston
Pascoe
Prittie
Pugh
Rapp
Régimbal
Ricard
Rynard
Saltsman
Schreyer
Sherman
Simard
Simpson
Skoreyko
Smallwood
Smith
Southam
Starr
Stefanson
Valade
Watson (Assiniboia)
Webb
Winch
Woolliams—93.

NAYS

Messrs:

Allmand
Andras
Asselin (Richmond-Wolfe)
Basford
Batten
Béchard
Beer
Benson
Berger
Blouin
Boulanger
Brown
Byrne
Cameron (High Park)
Cantin
Caron
Cashin
Chatwood
Choquette
Chrétien
Clermont
Côté (Dorchester)
Côté (Longueuil)
Côté (Nicolet-Yamaska)
Cowan
Crossman
Davis
Deachman
Drury
Duquet
Émard
Ethier
Gendron
Gordon
Goyer
Gray
Greene
Groos
Guay
Haidasz
Honey
Hymmen
Isabelle
Klein
Lachance
Laflamme
Laing
Langlois (Chicoutimi)
Laniel
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Loiselle
Macdonald (Rosedale)
MacEachen
Mackasey
McIlraith
McNulty
McWilliam
Marchand
Matheson
Matte
Mongrain
Morison
Munro
Nicholson
Nixon
Olson
Otto
Ouellet
Pearson
Pennell
Pilon
Prud'homme
Racine
Reid
Richard
Rinfret
Robichaud
Rochon
Rock
Roxburgh
Sauvé
Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay (Matapédia-Matane)
Tremblay (Richelieu-Verchères)
Trudeau
Tucker
Turner
Wahn
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Yanakis—103.

• (8:40 p.m.)

Mr. Speaker: I declare the amendment to the amendment lost.

Mr. McCleave: Mr. Speaker, I was paired with the Minister of National Defence (Mr. Cadieux).

[*Translation*]

Mr. Pepin: I was paired with the hon. member for Cape Breton North and Victoria (Mr. Muir). Had I voted, I would have voted against the subamendment.

[*English*]

Mr. Enns: Mr. Speaker, I was paired. Had I voted, I would have voted in support of the subamendment.

Mrs. Wadds: Mr. Speaker, I was paired with the hon. member for Niagara Falls (Miss LaMarsh).

[*Translation*]

Mr. Forest: I was paired. Had I voted, I would have voted against the subamendment.

[*English*]

Mr. Fairweather: Mr. Speaker, I was paired with the hon. member for Charlotte (Mr. McLean). Had I voted I would have voted in favour of the subamendment.

Mr. Speaker: The question is now on the amendment to the main motion. Is it the wish of the house that the bells be rung?

Some hon. Members: No.

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

Division

YEAS

Messrs:

Aiken
Alkenbrack
Baldwin
Barnett
Beaulieu
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bower
Brand
Brewin
Cadieu (Meadow Lake)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Churchill
Coates
Crouse
Danforth
Diefenbaker
Dinsdale
Dionne
Douglas
Enns
Fane
Fawcett
Flemming
Forbes
Forrestall
Gauthier
Germa
Godin
Grills
Gundlock
Hamilton
Harkness
Hees
Herridge
Horner (The Battlefords)
Howe (Wellington-Huron)
Irvine
Jorgenson
Keays
Knowles
Korchinski
Lambert
Laprise
Lewis
Loney
MacDonald (Prince)
MacEwan
MacInnis (Cape Breton South)
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
Macquarrie
MacRae
McKinley
McLelland
McQuaid
Madill
Martin (Timmins)
Mather
Monteith
Moore
More
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Orlikow
Ormiston
Pascoe
Prittie
Pugh
Rapp
Régimbal
Ricard
Rynard
Saltsman
Schreyer
Sherman
Simard
Simpson
Skoreyko
Smallwood
Smith
Southam
Starr
Stefanson
Valade
Watson (Assiniboia)
Webb
Winch
Woolliams—94.

NAYS

Messrs:

Allmand
Andras
Asselin (Richmond-Wolfe)
Basford
Batten
Béchard
Beer
Benson
Berger
Blouin
Boulanger
Brown
Byrne
Cameron (High Park)
Cantin
Caron
Cashin
Chatwood
Choquette
Chrétien
Clermont
Côté (Dorchester)
Côté (Longueuil)
Côté (Nicolet-Yamaska)
Cowan
Crossman
Davis
Deachman
Drury
Duquet
Émard
Ethier
Gendron
Gordon
Goyer
Gray
Greene
Groos
Guay
Haidasz
Honey
Hymmen
Isabelle
Klein
Lachance
Laflamme
Laing
Langlois (Chicoutimi)
Laniel
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Loiselle
Macdonald (Rosedale)
MacEachen
Mackasey
McIlraith
McNulty
McWilliam
Marchand
Matheson
Matte
Mongrain
Morison
Munro
Nicholson
Nixon
Olson
Otto
Ouellet
Patterson
Pearson
Pennell
Pilon
Prud'homme
Racine
Reid
Richard
Rinfret
Robichaud
Rochon
Rock
Roxburgh
Sauvé
Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay (Matapédia-Matane)
Tremblay (Richelieu-Verchères)
Trudeau
Tucker
Turner
Wahn
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Yanakis—104.

• (8:50 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. McCleave: Mr. Speaker, I was paired with the Minister of National Defence (Mr. Cadieux).

Mrs. Wadds: Mr. Speaker, I was paired with the hon. member for Niagara Falls (Miss LaMarsh). If I had voted, I would have voted for the amendment.

Loss to Canada of World Wheat Market

[*Translation*]

Mr. Pepin: Mr. Speaker, I was paired with the member for Cape Breton North and Victoria (Mr. Muir). Had I voted, I would have voted against the amendment.

[*English*]

Mr. Fairweather: Mr. Speaker, I was paired with the hon. member for Charlotte (Mr. McLean). Had he been here and enabled me to vote, I would have voted for the amendment.

[*Translation*]

Mr. Forest: Mr. Speaker, I was paired with the hon. member for Calgary South (Mr. Ballard); had I voted, I would have voted against the amendment.

[*English*]

Mr. Speaker: The question is now on the main motion.

ALLEGED LOSS OF WORLD WHEAT MARKET

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, my grievance tonight concerns the loss to Canada of the world wheat market and its effect on Canadian farmers and the Canadian economy in general. I wish the Minister of Trade and Commerce (Mr. Winters) were here tonight. However, in his absence I hope that the Prime Minister (Mr. Pearson), the Minister of Finance (Mr. Sharp) or some responsible minister on the government front benches will reply tonight to what I have to say.

An hon. Member: They are all irresponsible.

Mr. Smallwood: It may be asking a great deal to ask for a responsible minister to answer tonight, but I did my best.

Some hon. Members: Hear, hear.

Mr. Smallwood: Tonight we do not want to hear any backbench speeches and excuses regarding this very, very serious matter. We want to hear from the front benches how the government intends to remedy the situation in which we find ourselves. I could speak tonight about the international wheat agreement, but why flog a dead horse? The front benches on the government side behaved like Nero; they sat and fiddled while Rome burned. They sit fiddling even now, while we are losing the world wheat market. I should like to read to the house part of an article

which appeared in the *Globe and Mail* of October 19. This article says:

> Canada's trade surplus narrowed to $77.7 million in August from $127.1 million a year earlier—

Further on the article says:

> Smaller wheat shipments this year also helped to bring about the year-to-year drop. Lower shipments to countries, including the Soviet Union, China and Japan, played a major role in the 23 per cent drop in exports to the so-called other countries.

An article which appeared in the *Western Producer* of October 19 informs us as follows:

> Japan's wheat purchases from Canada fell off late in the last crop year when world market prices dropped below the agreed schedule under the new international wheat agreement.
>
> The Japanese food agency said wheat imports from Canada this year might decline 10 per cent from last year and the gap would be filled by U.S. wheat.

What did our government do while the United States were selling at a fire sale price? Did they go to the United States and protest? No, they sat in their cozy chairs here in Ottawa. Like the Liberals we knew in 1954 and 1955, they do not care about western farmers; they are not interested in western Canada. Exports of Canadian wheat, at 5.2 million bushels during the week ending October 4, were less than half the amount exported during the same week last year. Wheat exports so far for this year have been 47,600,000 bushels, which is far below the 118,500,000 bushels exported by the same time last year.

• (9:00 p.m.)

Is the government interested in the farmers of Canada? No, it is not. Tonight I want to speak on behalf of the farmers of Alberta whom I represent. Being a farmer myself I know their problems. What can we find in Alberta today? We find discrimination. In Alberta there are 106 points on a quota system, which means the farmer can sell 400 bushels of wheat on a unit. The story is different in Saskatchewan. What did the Treasury Board do during the general election in the province of Saskatchewan? It interfered with the Canadian Wheat Board, which raised the quotas in that province during the election. If the government wishes to challenge what I am saying, let them stand up tonight and disagree with me. There is only silence over there. This is like fishing: You throw in a line and if you do not get a fish, you do the best you can.

I want to put some facts on the record tonight to assure the house that when I speak I have facts to back up what I am saying. I have said that in Alberta today there are 106 points on a unit quota. The farmer can sell 400 bushels of wheat. He might have 12,000 bushels but he can sell only 400. In Saskatchewan the story is different. There are 38 points on a unit basis there. In Alberta there are 220 points on a one-bushel quota. In Saskatchewan there are 399 points. In Alberta there are 189 points on a two bushel quota and in Saskatchewan there are 574. Is that not discrimination?

I am glad to see here tonight a fellow Albertan who represents the constituency of Medicine Hat. I am sure his constituents will be glad I brought this subject up and I am sure he will get support from the Alberta farmers tonight. I am sure he will say to the Minister of Trade and Commerce (Mr. Winters) "Get busy and help farmers in Alberta. Equalize the quotas so our farmers will get some money". This is a local issue. The other day I asked a question in the house. The Minister of Trade and Commerce was not here but the Minister of Energy, Mines and Resources (Mr. Pepin) informed me that the farmers could take out cash advances. I am glad to hear about cash advances. Who brought in cash advances? It was the Conservative government that did so. All the Liberal government brought in was chaos, and they are bringing in more every day. Our farmers have wheat piled on the ground. They do not want cash advances; they want to sell that wheat because for the last ten years they have been used to selling it. When the Conservative government was in office we sold the wheat, and the Liberal government which followed it used our markets for four years and continued to sell wheat. Now we are losing our markets and wheat is piling up on the prairies. What is the government going to do about it?

Here is a telegram I received from two points ten miles inside the Saskatchewan border. It reads as follows:

> Points nearest to us on Saskatchewan side are on two bushel quotas and most cases have room for three.

There is discrimination against farmers in Alberta. Recently I brought up in the house the matter of box cars. I was informed that these points could obtain all the box cars they wanted but they could not get a shipping order from the wheat board. I investigated this charge and I found that the terminals in Vancouver and Fort William are loaded with wheat, but one cannot expect the railroad to fill up their cars with wheat when they cannot unload them. That is the responsibility of this government. What action is it taking? It is taking no action. The Japanese market is lost to us and the Canadian government is doing nothing about it. We find that the Chinese are not interested in buying wheat from us at the present time, nor is the U.S.S.R.

This reminds me of that great film called "Mr. Pearson" which I saw one Sunday evening. Our Prime Minister (Mr. Pearson) sat in the car while the Russians bought some wheat. I say to the government, do not wait for them to drop in again because they might not do it. The Minister of Trade and Commerce is like a goose sitting on its nest waiting for another egg to hatch. I wish the minister were here tonight.

It is the responsibility of this government, of the Prime Minister and of the Minister of Trade and Commerce on behalf of the Canadian Wheat Board to find markets for our Canadian wheat. The former minister of agriculture was criticized; but who sold our wheat? He and the former minister of trade and commerce travelled round this world and found markets for our wheat. Now we find it piling up in the prairies. How would members of the government like to change places with our farmers and sell 400 bushels of wheat to pay their operating expenses? This is downright shameful. The government is not interested.

Whom do we find here tonight? We find the Minister of Indian Affairs and Northern Development (Mr. Laing). I congratulate him for being here tonight. He is making an effort to speak on different subjects, including housing. It is not his fault that he has to speak for others. Somebody said the Minister of Agriculture (Mr. Greene) is here. I am sure he will be able to tell us what this government is going to do to straighten out the very serious situation we are facing today. The economic situation in Canada will continue to deteriorate unless the government makes an effort to find markets for Canadian wheat. Unless the government shows some interest in the wheat sales, the farmers will only be able to look forward to a five or six bushel quota. This is a serious situation.

• (9:10 p.m.)

It seems we are going back to the Liberal days of 1953 and 1954. I remember those years, Mr. Speaker, and what years they

were. Let me give the hon. gentlemen opposite the benefit of the doubt and assume that the farmers will get, not a five bushel quota but a six bushel quota. This means that a farmer with a section of land and 500 acres sown to wheat will be able to sell 3,000 bushels of that wheat. In such circumstances how can the farmers operate and the economy remain stable? Let me remind the government that when the farmers do not prosper the economy of the country suffers. Nothing is more important to the economy of Canada than western and eastern Canadian agriculture.

What bothers me today, Mr. Speaker, is that for the last ten years the farmers of western Canada have been accustomed to selling their wheat. The Conservatives came to power in 1957, and in that year and the following year went to work with the Canadian Wheat Board to find markets for our wheat. We sold as much wheat as the farmers could grow. When our Liberal friends came into office they inherited the markets we had established, but these are now dwindling and nothing is being done to improve the situation.

I suggest it is the duty tonight of the Minister of Trade and Commerce to tell this house and the farmers of Canada that in conjunction with the Canadian Wheat Board officials the government will seek out markets for our grain. Ever since parliament resumed we have been discussing the international wheat agreement and the steps that should be taken by the government, but all we have had is evasive answers. I speak tonight on behalf of the farmers of western Canada and I plead with the government—if it is possible to plead with them—to do something to remedy the drastic situation we are facing as a result of the loss of Canadian wheat markets.

The farmers of western Canada see their wheat lying piled upon the ground. They have expensive machinery to buy, which increases in cost every year. That new machinery is being bought to replace the old, in the expectation that the farmers will be able to sell the wheat they produce. However, as I have said before, I predict that our farmers will be given only a five or perhaps a six bushel quota. The result will be that the farmers of western Canada will be placed in a very difficult situation, as will the businessmen.

I observe the Minister of Agriculture and the minister of northern affairs having a conference, and I hope that one of them is going to reply. Perhaps the minister of northern affairs can get the Secretary of State (Miss LaMarsh)) to come into the house and reply. I have tried to be reasonable and I am pleading tonight that the government do something for our farmers. It is not enough for the government to say that the Russians are going to buy more wheat, that somebody will come along and we can let it pile up.

I should like to close by asking somebody on the front benches—I do not want a Liberal backbencher to stand up and make a political speech—to tell the western farmers what representations were made to the United States government before they started to fire sale their wheat. The farmers want to know what action the minister is prepared to take about equalizing the quotas which are so discriminatory to the farmers of Alberta and Manitoba.

In addition, Mr. Speaker, we should like to know what the government is going to do to promote further sales of wheat. If they have nothing in mind, then let them come clean; let some member of the front bench tell the house that the Liberals, as in previous years, have failed, that they cannot handle Canadian wheat, that they cannot sell it and that it will pile up. Let them tell the western farmers not to expect more than a five or six bushel quota per acre this coming year, so that the farmers can govern themselves accordingly. That is only being fair to the farmers and businessmen of this country. As I have said, they were able to sell their wheat when the Conservative government was in office, and they now want to know where they stand. They do not want to overbuy in the matter of equipment and to find chaos across the country.

Finally, Mr. Speaker, I am sure the Minister of Agriculture will soon tell us when we can expect the old Liberal election promise of $2 wheat to come to fruition.

Mr. George Muir (Lisgar): Mr. Speaker, I rise to take part in this debate, if only briefly, in view of the very serious situation faced by our farmers in marketing their grain, as so ably demonstrated by the hon. member for Battle River-Camrose (Mr. Smallwood). As the hon. member mentioned, an expected over-all delivery quota of six bushels an acre means that at the end of the crop year there will still be a considerable amount of grain being stored on the farms. Under the circumstances I suggest the government consider revising the cash advance legislation in order to make more money available to the

farmers to meet the additional cost of production.

We on this side were pleased by the minister's announcement that the Japanese were resuming purchases of wheat for December and that they were giving consideration to their requirements for January and February. However, I should like to point out that the Japanese market is one of our traditional markets and that we lost a considerable volume of sales of wheat to Japan as a result of the United States price cutting which took place after the international wheat agreement was allowed to lapse. As this United States wheat has been sold, I am sure the loss to Canadian farmers will not be made up in their sales for this year.

• (9:20 p.m.)

The fact that this price cutting did take place points up the very obvious fact that the governments of the wheat producing nations, including the Canadian government, made a serious error of judgment in allowing the international wheat agreement to lapse until the end of this crop year. The government never told the story about those negotiations. Could it be that in emulating the dog, in the story of the dog with the bone, they dropped what they had for something larger? Surely it would have been good business to extend the old agreement until the new one was ratified by the participating governments. Whatever the cause of the lapse, we must realize that temporarily we face a buyers market. It may be a good idea to emphasize that this is temporary. The wheat producing areas of the world, such as Australia and Canada, suffered from a serious drought this year which could well change world supply conditions in the next year. The government would be well advised to avoid a price war and to emphasize to other producing nations that disaster prices do not change world wheat requirements. If one nation sells wheat below the cost of production it means that another nation will sell less of its wheat.

This does not mean that we ought not try to sell every possible bushel of wheat. I think the minister should take a more active part in negotiations, particularly with our traditional customers who have learned over the years to respect the excellence of our grading system and the baking quality of our wheat. Let me advise the minister to become acquainted with the wheat dealers of the world so that he, as a former minister of the Conservative government did, may also sell wheat.

Loss to Canada of World Wheat Market

Wheat sales in the past few years have contributed greatly to our national prosperity. They have figured largely in our balance of payments with other countries. The government, and particularly the Minister of Finance when he was minister of trade and commerce, urged our farmers to expand their wheat acreage. The government has an obligation to those farmers who took the minister's advise to expand their acreage; it has an obligation to enable them to meet their commitments during this crop year, and I hope the government acts quickly to honour its obligation.

Though we are in a surplus position, that is no reason for the government to put its head in the sand and throw up its hands. That is quite a feat—putting your head in the sand and throwing up your hands—but the government has done that before. The cabinet must display more energy in selling wheat. It must try to persuade other countries in the world that only so much wheat is consumed each year and that traditional markets should be left to traditional suppliers. Such a course of action is only reasonable and I hope the minister undertakes it quickly.

Mr. Ed. Schreyer (Springfield): I see that the Minister of Agriculture (Mr. Greene) is present. Unfortunately, the Minister of Trade and Commerce was not present this evening to hear the remarks of the hon. members for Battle River-Camrose (Mr. Smallwood) and Lisgar (Mr. Muir).

Most members representing prairie constituencies do not pretend that the government does not face special problems with respect to wheat exports this year. It faces additional difficulties as the contracts call for wheat of certain grades to be sold. Fortunately, our wheat is of above average grade. This is so certainly in Manitoba. In the part of Manitoba that I represent, which is on the eastern boundary of the wheat growing area, for the first time in two decades wheat mostly grading No. 1 and No. 2 has been produced on most farms.

Answering the legitimate attack of the hon. member for Bow River (Mr. Woolliams) and of my leader, in the closing days of September the minister announced that wheat would be supported on the basis of $1.95½ for No. 1 Northern at the lakehead. In that announcement we see an important principle. Other governments which follow this one will have to adopt that principle if they are not to invite political disaster on the prairies. The government adopted the principle that

when the vagaries of international trade affect wheat sales to the extent that wheat prices fall below the cost of production, thus inviting economic ruin for farmers, the government will intervene. As the *Western Producer* said in an editorial, the important principle of government intervention in such circumstances has been accepted. Though the government's announcement may not mean much in dollars and cents in 1967-1968, that announcement nevertheless is welcome because of the principle which demonstrably has been accepted.

The Minister of Trade and Commerce (Mr. Winters) and the Minister of Agriculture must still answer certain important questions. It must be remembered that on May 25 the Minister of Trade and Commerce announced in the house that the new agreement had been successfully negotiated and that it would take effect as of July 31, 1968. In the period between now and then the price to be negotiated for sales of export wheat would be in the same range as prices contemplated under that agreement. Perhaps I should not say that; I should not paraphrase. I shall quote direct from *Hansard* of May 25 where, at page 577, the minister is reported to have said this:

• (9:30 p.m.)

Hon. members will recall that the price provisions of the present international wheat agreement expire July 31. On the matter of price, it is understood in trade terms that this means the new price range which I have reported to the house will be observed in the months ahead until the new agreement becomes fully effective.

Less than three months after that statement, the facts flatly and absolutely repudiated it. I should like to ask what the minister meant when he said "it is understood"? Did he mean there was some understanding given in written form, or did he mean it was simply a vague hail-fellow-well-met slap on the back type of arrangement made during the closing hours of the negotiations in Geneva last spring? I do not think it is good enough for a minister of the crown to give an assurance to the house on the basis of such an informal and casual agreement.

Fortunately for the minister, for his government and for the country the repercussions of that kind of sloppy negotiation were not really so severe, although one can argue that a price decline of 22 cents per bushel of wheat between April and September was more drastic than we would like. The minister should explain to the house how he could get up and say it was understood the price range would continue in effect as though the new agreement were in force. This simply did not happen. The minister should have been more explicit as to the nature of the negotiations and discussions, and as to the nature of these "understandings."

[Mr. Schreyer.]

Further, when I was speaking on September 27 in reply to the minister's announcement I asked him if it was not a fact that just seven or ten days prior to his making the announcement that the government was prepared to support the price of wheat at $1.95 per bushel he had categorically stated in a press conference that the government was not considering any form of price subsidy.

The reason I mention these incidents, Mr. Speaker, is to focus attention on the uncertainty, confusion and procrastination the government displayed with respect to the crisis which welled up last August and September over the price of wheat in international markets. This is one important feature of the problem that confronts western wheat producers.

Another problem which in an immediate sense is more pressing, one related to us by the hon. member for Battle River-Camrose, is that despite the suave assurance of the Minister of Trade and Commerce—and he is one who can give suave assurances—export movement of wheat from our terminal positions lagged in August and September far behind the movement of wheat in the same period last year, the year before that, the year before that, and the year before that again. In fact the lag in export movements from terminal positions this year was so severe that the amount exported in August, and in August-September combined, was less than half the amount exported in the same period last year.

This is pretty significant. Actually it is pretty frightening. It carries with it some very cold and bleak prospects. This is a problem the government must tackle with more energy, certainly more energy than it has been showing during the past few weeks. The problem is not difficult to outline. As the terminals slow down, the blockage moves back across our grain transportation facilities to the country elevators. The hon. member for Lisgar was absolutely right in saying that the government through the Wheat Board should take more effective steps.

If it simply is not possible to liberalize—I use the word liberalize in its generic sense—the federal cash advance legislation in order

to make more money available to farmers, then the government should think in terms of at least increasing the amount paid on the unit quota delivered.

I know that any suggestion we on this side of the house put forward is unlikely to be met with acceptance by the government. I was just a young fellow then, but I clearly recall ten or 11 years ago when the farmers union, the C.C.F. and the Progressive Conservatives were advocating cash advance legislation. The government said this was impossible, but the Conservative administration took over and did it.

Some hon. Members: Hear, hear.

Mr. Schreyer: That legislation was practical to implement; yet many people in high places prior to 1957 said it was not feasible or practical. With respect to the problem now looming, I suggest that unless the movement of wheat from terminal positions can be increased and this may require special sales efforts—the government should think in terms of amending the cash advance legislation, or else think in terms of increasing the amount paid on the unit quota delivered. The government should do something, and not leave the problem to be borne solely by the wheat producers.

To give hon. members an indication of how drastic the problem is becoming I may say I happen to know that certain farm organizations are in process of sending trade possibility investigating teams to different parts of the world. One such team was dispatched by a prairie farm union to Japan at its own expense, in order to see whether some stimulus could be injected into Japan's imports of wheat from Canada. This indicates that many people do not have much confidence in the government's efforts, because they are sending these teams at their own expense.

• (9:40 p.m.)

If this should continue for another few weeks or months, then surely it would be legitimate to ask whether this government is carrying out the services for which its departments are being allocated public funds. Very unfortunately, in the months of August, September, and October to date it would seem that our record in export sales of wheat is not an improving but rather a deteriorating one.

Mr. Reg Cantelon (Kindersley): Mr. Speaker, in talking about this problem, which in the future I feel will be a great deal more serious than it is today, I think it is wise that we should take a look at some of the statements which have appeared in the press. I am sure some hon. members will have read an editorial which appeared in the *Western Producer* of September 28, 1967, under the heading "Wheat Prices a Major Crisis". It begins by telling how Mr. Charles Gibbings has been very much disturbed by this crisis and quotes him as saying:

> Canadian wheat producers are facing the most critical marketing situation that has existed for more than twenty years.

The United States is now pursuing a policy of selling wheat at whatever price is necessary to make sales. Through the government's failure to assess properly the world wheat situation, by being painfully slow in seeing what the Americans were doing, and by our brinkmanship at the negotiations table when the new wheat agreement was being concluded, we now find ourselves in the painful price position in which we are today.

The *Globe and Mail* of September 26, 1967, had this to say:

> Canadian wheat exports in August showed a sharp decrease from August, 1966 and a substantial decrease from the ten year average for the month.

I could put these figures on the record, but I think everyone who is interested knows what the figures are. I think the most significant thing in the whole business is what happened to our Japanese market. Our sales to Japan this year were 1.8 million bushels and last year they were 6.9 million bushels. It is pretty obvious that our marketings have suffered very seriously. In fact we would not be talking about this if it were not true. Mr. Roy Atkinson, president of the National Farmers Union, charged on September 12 that the United States was slashing prices in a calculated attempt to scuttle prospects for a new international wheat agreement. I have been paraphrasing his words, but the idea was just as strongly expressed. Mr. Gibbings believes that all nations participating in the Geneva agreement have a moral obligation to observe the floor price to which they agree. You will notice, however, that he says, "moral obligation" and sometimes, unfortunately, in international business moral obligations are not held to very well.

As Mr. Gibbings put it, "Technical difficulties in completing the final document should not serve as an excuse to break the floor." Mr. Gibbings also said that he had sent a telegram to the Minister of Trade and Commerce (Mr. Winters) on Sept. 12, urging

the federal government to discuss the wheat situation with the United States. The minister did go to Washington on that date. The thing that astonishes me is that the minister, who had a distinguished business career, should have let a matter like this go on for over two months before he took any steps to correct a situation that was so very obvious. It should have been very obvious immediately after the conclusion of the new agreement that there could be great difficulties in implementing it. The agreement was not to come into effect until July of 1968. There would be no controls on anyone during the 1967-68 crop year. This point has been emphasized by every speaker so far tonight.

Mr. Gibbings stated most succinctly the following:

> It will be noted that the United States price dipped below floor levels on July 13, the day after 52 nations met in Rome to begin discussions about implementing the sixth wheat agreement. The implications of the cut-throat competition which has prevailed for some time are serious.

He went on to say that there is no present indication the United States intends to pursue any other pricing policy. Why then, if others could see what was happening, did our Liberal minister do nothing during this period? Earlier this year the United States secretary of agriculture, Mr. Freeman, set an export target of 750 million bushels of grain for the United States. His policy also indicated that a smaller portion would be devoted to give away programs. This obviously put more pressure on the selling program. It appears therefore that the United States has embarked on a policy of selling more wheat for less money in order to achieve its marketing aim. Such a policy is an exercise in futility.

It has been shown time and again that lower prices do not increase human consumption of wheat. All that happens is that other exporters, if they are on their toes, also cut their prices and the amount which goes into the market remains the same. The relative sales should remain the same. It would seem evident that the minister and those who advise him clearly were not on their toes, because they allowed the United States to capture a great deal of our sales during the month of August and most of the month of September. How did we get into such a set-up? Although I hate to think this is so, I believe we are forced to the conclusion that the Liberals have an entirely different attitude toward grain sales than the previous administration had. I think that attitude is

entirely wrong. It is one which seems to say, "Keep hands off the grain board; let them make the sales". But this is not what happens in the world today. Every government takes a hand in the sales and uses what measures it can to promote those sales.

We got into it because of the way in which we proceeded to negotiate this new cereals agreement. Mr. Andrew Knight, who wrote an article on the Kennedy round cereals agreement, which was published in the *Executive* of July, 1967, headed it, "The Poker Hand that Failed Us." I recommend this to anyone who is really interested in this subject. He points out that in the week of April 15 most of the major powers in the Kennedy round tariff cutting negotiations were planning make or break negotiations which threatened to block the success of the entire round, as it affected cereals. At that particular time there were two weeks to go until the official deadline for the Kennedy round package, but the cereals talks that week never took place. Why did they not take place? They did not take place because the Canadian delegation did not turn up in Geneva. As one British negotiator put it, "The Cans are away playing brinkmen". This reminds me all too vividly of what happened in the spring of 1963 when our negotiators never showed up at Hong Kong until after the Chinese had concluded an agreement with Australia, and then we hastily sent them over.

• (9:50 p.m.)

One can see why I feel that the government has adopted a strange attitude. I think this situation is far too important to be treated in this casual way. Wheat is one of our major exports; in fact, it is our greatest single export. For the last four years it has generated for us something like $1 billion in foreign exchange, and without this our country's prosperity during that period would have been nothing more than a pipe dream. In spite of this, our delegation casually failed to show up when they were expected. I do not blame the delegation, I blame the government for failing to see that they arrived on time.

The Kennedy rounds were completed more than a month later, and everyone seems to be very happy about what this will do for manufacturing and industrial production generally. However, in arriving at this position a comprehensive cereals agreement seems to have suffered very seriously. What is worse, in arriving at this agreement we have antagonized the United States unnecessarily.

There have been serious arguments about the access arrangements for Canadian and other wheat with the major importing markets of Europe, Britain and Japan. There have been long arguments about whether the big wheat exporters themselves should limit production in the interests of obtaining a stable market. These disagreements were so serious that by the final week of the talks the United States negotiating team voluntarily abandoned the cereal discussions in order, as they thought, to save the rest of the round. Perhaps this did save the remainder, but certainly it put us in an unenviable position this year.

The six European common market countries and Great Britain agreed with the United States and Australia, leaving Canada holding the bag. In view of the fact the United States is an exporter of wheat, it naturally agreed. The final wheat minimum was 11 cents below our asking price. Besides that, the scheme to finance the world food aid agreement provided only 4,500,000 tons. The grain producing countries, particularly the United States, wanted 10,000,000 tons taken off the world market and delivered to underdeveloped nations who otherwise would not have been able to use wheat to feed their peoples. They had to settle for 4,500,000 tons.

This left the United States with a serious problem of marketing a large quantity of low quality grain. As we all know, this has always been a big problem for the United States because they have always had a large quantity of grain of a quality much below what we market. This year in particular we find ourselves in a very difficult position when trying to compete with them, because we have produced an average crop of a very high quality. In my own constituency of Kindersley I doubt whether there will be any appreciable quantity of grades 2 or 3 grain. It looks as though 80 per cent to 90 per cent of the crop in that area will be No. 1 Northern. That grain is of such high quality it will be extremely difficult to sell it on the markets of the world. We know that the lines—I almost said pipe lines—to and from the elevators are plugged from the country elevators to the terminals, and unless we can move this high quality grain I am very much afraid the situation will remain the same for most of the winter.

We also know that the railway companies have been doing their best, but there are 7,000 to 8,000 loaded grain cars sitting on sidings and in terminals. We will all realize that there is a tremendous blockage when we reach the point that we can no longer move it at all. This whole situation has left the United States with a serious problem of marketing low quality grain. This is one of the main reasons the United States team set out deliberately to cut the price, and they began to do so almost immediately after the delegation left Geneva. It took the minister until mid-September to take the logical step of meeting them on a ministerial level to find an agreement.

The minister now thinks the decline has been stopped. The other day he even boasted a bit about the fact that the price had recovered a couple of cents; and so it had. He went on to make an announcement that wheat would be supported at the minimum price set by the agreement. He said that all grain sold below that price would be subsidized to bring the price up to the minimum. This did help, of course, but I think members can gather from what I have said that unless we sell our grain this subsidization will mean nothing.

At the present time there seems to be very little prospect of our selling any grain. What this will do to the farmer who needs money, I am not sure, but he will be very embarrassed and not very favourably disposed toward the actions of this minister or this government.

In the four weeks of negotiations it seems clear that we came out with very much less than we expected. The question now is whether the agreement will ever be operative. The minister pointed out early this summer in the house that the old agreement had lapsed and that the new one would not take effect until July 31, 1968. In the meantime he has said that the law of supply and demand would govern world wheat prices. If he knew this then, and I am sure he did because he is an excellent businessman, it is very strange that he did nothing while the price declined under the so-called law of supply and demand. The minister ought to know that if the price stays under the newly negotiated minimum it is very doubtful that the new agreement will ever mean anything.

It is quite possible that under these circumstances importing countries will refuse formally to ratify this agreement. If enough of them do this the agreement will not become effective. This could place us in the middle of a price war such as that of the early 1930's. Some will recall that period when we all suffered, and may recall how we lost markets as importing countries subsidized their wheat

farmers to protect them against low prices. We have never fully regained the markets we lost then in Europe.

While I think the long term prospects for grain marketing are good, the present prospects are not as good. We are going to have to be very careful and very sharp in this country to prevent further deterioration, particularly if we are going to convince the United States that price cutting will harm us all and may wreck the international wheat agreement which has been negotiated. I certainly hope this will not be the case.

The Acting Speaker (Mr. Rinfret): It being ten o'clock it is my duty, pursuant to section 4(f) of standing order 26, to interrupt these proceedings and put the question to the house. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Motion (Mr. Benson) agreed to and the house went into committee, Mr. Rinfret in the chair.

The Deputy Chairman: It being ten o'clock, shall I rise and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

The Acting Speaker (Mr. Rinfret): Order, please. It being ten o'clock, this house stands adjourned until 2.30 p.m. tomorrow.

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

HOUSE OF COMMONS

Wednesday, October 25, 1967

The house met at 2.30 p.m.

[*Translation*]

QUESTION OF PRIVILEGE

MR. MONGRAIN—CRITICISM BY BANK PRESIDENT OF FEDERAL FINANCIAL POLICY

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, in accordance with the standing order, I gave you notice this morning of my intention, at the opening of this sitting, to raise a question of privilege affecting parliament in general. So that my question of privilege may be well understood, I should like to quote two excerpts from the *Globe and Mail* of October 18 last as follows—

[*English*]

A strongly worded criticism of government monetary and fiscal policy by Neil J. McKinnon, chairman of the Canadian Imperial Bank of Commerce, was delivered yesterday to an international conference of the Financial Executive Institute.

[*Translation*]

Later, Mr. McKinnon is quoted verbatim and I quote:

[*English*]

It is not too much to say that government deficit spending, combined with a permissive monetary policy that allows continuous inflation really involve a massive swindle—a swindle perpetrated on the great majority of the populace who are least able to protect themselves against the consequences.

[*Translation*]

● (2:40 p.m.)

I have clippings from several newspapers. I shall simply quote one sentence from *Le Devoir* of the same day to place on the record a French translation of this text which I deem objectionable and defamatory to parliament in general. It is translated as follows in *Le Devoir*:

—en fait, une gigantesque duperie, duperie commise contre la majeure partie de la population.

Well, Mr. Speaker, I say that if the government can be accused of such flagrant dishonesty, this intimates that the entire membership of the house is accessory to this dishonesy, that they have not protested at the proper time. That is where I claim there is a breach of the privileges of all members who are entitled to their good reputation and to see that their integrity is not lightly attacked. If I may be allowed, Mr. Speaker, I shall attempt by a few brief remarks, to prove my point.

First—

Mr. Speaker: Order. I invite the hon. member to state as quickly as possible the question of privilege of which he gave me notice. I have had the opportunity to study it and I shall be in a position to make a ruling very quickly. I ask the hon. member to co-operate by stating his question of privilege as briefly as possible.

Mr. Mongrain: Mr. Speaker, I shall try to exercise restraint and I promise you that it will not take me very long, but I feel that this is a matter which involves the honour of all hon. members. Therefore I think that it is worth taking two or three minutes to state my argument.

I say that the seriousness of that accusation of dishonesty, swindle, by the government is due, first of all, to the high position held by the person who made it. Coming from a mere nobody, I would suggest that we forget about it, but it was made by the president of a bank who usually does not talk through his hat, who prepares his statements or has them prepared by qualified people and who reads them carefully. Therefore, he did not overlook the word. I say further that the words he chose are of a very great consequence, since in the Oxford dictionary, I read this:

[*English*]

The Oxford dictionary defines swindle as:

An act of swindling; a fradulent transaction or scheme; a cheat, fraud, imposition.

[*Translation*]

The Larousse dictionary gives as synonyms of "duperie":

escroquerie, fourberie, supercherie, tromperie.

It is unquestionably a serious charge. Moreover, the formal character of the occasion, since he was speaking before an outside

organisation—namely the International Institute of Finance Officers—makes the charge even more serious and casts even greater doubts upon the integrity of all members of parliament, who would be accused of collusion in such an odious action. The possible repercussions of the whole thing must be kept in mind.

Mr. Speaker, if the government is guilty of such a vile action, it no longer deserves the confidence of the house and I cannot imagine any member who would still be willing to put his trust in it. If not, then Mr. MacKinnon should agree to explain or correct his statement which may have gone beyond his thoughts. And that is why I move, seconded by Mr. Latulippe, that:

> The committee on finance, trade and economic affairs, or any other committee empowered to deal with the matter, should meet as soon as possible to summon Mr. Neil J. MacKinnon, president of the Imperial Bank of Commerce, and to enjoin him to justify and specify the charges he made against the government and indirectly against parliament as a whole in a speech delivered at an international conference of the Financial Executives Institute when he said:

And here I quote him verbatim.

Mr. Speaker, I am sending you copies in French and in English of those two documents and I repeat that, in my opinion, this is a serious attack against the integrity and honesty of parliament as a whole which finds itself accused of complicity in a deliberately fraudulent action, which would not be so otherwise, since there is talk of swindle and trickery.

Mr. Speaker: Order. I do not think that the hon. member's grievance—and I insist on the word "grievance"—is acceptable as a question of privilege. The hon. member is well aware of the provisions of section 110 of Beauchesne's fourth edition, which I quote:

> Any libel reflecting upon any member of the house for or relating to his service therein was a high violation of the rights and privileges of the house. But to constitute a breach of privilege, a libel upon a member must concern his character or conduct in his capacity as a member and the conduct or language on which the libel is based must be actions performed or words uttered in the actual transaction of the business of the house.

The remarks complained of by the hon. member relate more particularly to the government, in my opinion, than to the personal conduct of members in the transaction of their business and in their responsibilities in the house. For that reason, I do not think that this question is acceptable and that the motion presented by the member for Trois-Rivières can be accepted.

[Mr. Mongrain.]

Mr. Mongrain: Mr. Speaker, I rise on a point of order. May I add a word?

I find it a little strange that when the integrity and honesty of all the hon. members are concerned—

Mr. Speaker: Order. The hon. member cannot discuss a ruling of the Chair on a point of order.

MR. CHOQUETTE—FRENCH CANADIAN REPRESENTATION IN PARLIAMENTARY PRESS GALLERY

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I rose on a question of privilege in order to point out that the French staff in the press gallery is numerically deficient.

There are only two French speaking reporters out of a total of more than 20, which affects the privileges of the members of this house in the following way. All too often, newspaper reports of speeches made in French in the house are based on a translation which is not always faithful as to the basic content of the speech.

The purpose of my question of privilege is to urge the authorities concerned to correct a hardly acceptable anomaly and to increase the French services of the Canadian Press.

Mr. Speaker: Order. There is obviously no question of privilege there. The hon. member recognizes it himself, I am sure, since he did not see fit to follow up his intervention with a motion. May I remind him of the provisions of citation 113 of Beauchesne's Parliamentary Rules and Forms, fourth edition:

> Members often raise so-called "questions of privilege" on matters which should be dealt with as personal explanations or corrections, either in the debates or the proceedings of the house. A question of privilege ought rarely to come up in parliament.

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION OF POLISH PARLIAMENTARIANS

Mr. Speaker: May I bring to the attention of hon. members the presence in the Speaker's gallery of a very distinguished delegation of Polish parliamentarians. For the last week these distinguished colleagues have been our guests in Canada while visiting various parts of the country. It is my hope, and I am sure the hope of all members of the house, that our visiting colleagues will have received in Canada the same warm hospitality which

was extended to our own delegation when it journeyed to Poland last year.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Speaker: I thank the head of the delegation, Mr. Wycech, a high dignitary of the Seym, for his visit to the parliament of Canada, and I wish him and his colleagues a happy return to Poland.

Some hon. Members: Hear, hear.

[*English*]

TRADE

TABLING OF INTERNATIONAL GRAINS AGREEMENT

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I beg leave to table in French and English texts of the international grains arrangement, 1967, concluded in Rome on August 18, 1967. It is the intention to place this arrangement before parliament at the appropriate time for approval.

Mr. Speaker: Does the hon. minister have leave to table the document?

Some hon. Members: Agreed.

CRIMINAL CODE

AMENDMENTS RESPECTING AIR AND WATER POLLUTION

Mr. Warren Allmand (Notre-Dame-de-Grâce) moved for leave to introduce Bill No. C-171, to amend the Criminal Code (air and water pollution).

He said: Mr. Speaker, this bill would make it a crime to release pollutants into the atmosphere or public waterways of Canada which cause or are capable of causing undue harm to the health of persons. The new paragraphs would fall under the section dealing with criminal negligence.

This was prompted by the recent information to the effect that pollution in our large cities, in particular Montreal, has increased to extremely dangerous levels. This is one attempt to deal with the problem. I might say, Mr. Speaker, that this bill was prepared and submitted before the debate which started in this house on Monday.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

TRADE WITH RHODESIA

Question No. 362—**Mr. Ormiston:**

1. Does the government of Canada receive a monthly trade statistic return from the O.E.C.D.?

2. On the basis of O.E.C.D. trade statistics and any other information available to the government for the period January 1, 1967, to September 1, 1967, what has been the percentage increase in exports from Germany, France, Japan, E.E.C. as a whole, E.F.T.A. as a whole, Spain, Italy, The Netherlands and the United States to Rhodesia as compared to the period January 1, 1966, to September 1, 1966?

3. Has the government of Canada made representations to the governments of France, The Netherlands and Japan with particular reference to the large increase in exports of motor vehicles to Rhodesia?

Hon. Judy V. LaMarsh (Secretary of State): 1. Yes.

2. The following data were taken from the O.E.C.D. trade statistics, series A, July 1967 and supplement August 1967, which are the most recent figures available on a comparable basis.

Exports (f.o.b.) by selected countries to Rhodesia ($U.S. million)

	January-May 1966	January-May 1967	Absolute change
West Germany	3.8	5.5	+1.7
France	1.2	2.0	+ .8
Italy	2.1	.7	—1.4
Netherlands	1.8	1.9	+ .1
Total E.E.C.	10.5	10.8	+ .3
E.F.T.A.	6.8	3.4	—3.4
Spain	.1	—	— .1
Japan	3.2	4.6	+1.4
U.S.A.	3.8	2.1	—1.7

3. No.

AIRFIELD CONSTRUCTION IN NORTH

Question No. 365—**Mr. Laprise:**

1. How much was spent (a) in the Northwest Territories (b) in the Yukon, for the construction or improvement of airfields during the years 1965-66 and 1966-67?

2. What sum has been set aside to be spent on the same items during the year 1967-68?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Department of Transport is concerned:

1.	1965-66	1966-67
(a) Northwest Territories	$897,296	$345,426
(b) Yukon	$178.222	$401,447

Questions

2.	1967-68
(a) Northwest Territories	$1,226,650
(b) Yukon	$ 113,600

In so far as the Department of Indian Affairs and Northern Development is concerned:

1. (a)	1965-66	$8,200.00
	1966-67	Nil
(b)	1965-66	Nil
	1966-67	Nil

2. The following provision has been made in vote 20 of the estimates for 1967-68:

Contribution of 50 per cent of the cost of establishing or improving airstrips for development purposes, Northwest Territories, $50,000.

Contribution of 50 per cent of the cost of establishing or improving airstrips for development purposes, Yukon Territory, $50,000.

CANADIAN TELEVISION ADVERTISING FIRMS

Question No. 389—**Mr. Mather:**

1. In 1966, how many of the top 50 advertising firms on Canadian television were subsidiaries of United States concerns?

2. How many were wholly owned Canadian companies?

Hon. Judy V. LaMarsh (Secretary of State): 1 and 2. I am informed by the C.B.C. that available statistics for the Canadian television industry as a whole show 35 of the top 50 advertising firms in 1966 as subsidiaries of United States parent companies. Of the remaining 15, nine are listed as Canadian owned and six are foreign owned.

USE OF PLYWOOD FOUNDATIONS

Question No. 408—**Mr. Laprise:**

1. Are plywood foundations, as tested during research projects Mark III and Mark IV of the N.A.H.C., recognized and approved by C.M.H.C.?

2. Have loans been granted or guaranteed by C.M.H.C. for construction of houses resting on foundation walls made of plywood?

Hon. J. R. Nicholson (Minister of Labour): 1. Plywood foundations for houses are not recognized nor approved by Central Mortgage and Housing Corporation.

2. To facilitate field testing, the corporation has agreed to make loans on a limited small number of houses with treated wood and plywood foundations; to date two loans have been approved.

[Miss LaMarsh.]

FILMS DESTROYED IN FILM BOARD FIRE

Question No. 435—**Mr. Laprise:**

1. How many (a) silent (b) French (c) English films were destroyed in the fire of the N.F.B. stores in Beaconsfield, Quebec, during the summer of 1967?

2. What is the estimated value of the loss?

3. Are any other films and records being kept in non-fireproof facilities?

Hon. Judy V. LaMarsh (Secretary of State): 1. National Film Board films lost in Beaconsfield fire: (a) silent, none; (b) French, 27; (c) English, 535.

2. Estimated value when new, 1940-50, $4,800,000.

3. No other National Film Board master films are being stored in non-fireproof facilities.

COST OF HEALTH CARE

Question No. 447—**Mr. Isabelle:**

1. What is the estimated per capita cost of health care in Canada (medical and surgical treatment)?

2. To the government's knowledge, what is the per capita cost of health care, medical and surgical treatment, in each of Canada's provinces?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. $27.85. The estimated per capita costs are based upon payments made to physicians engaged primarily in private fee practice. Payments to physicians providing personal health care services on a salaried basis are excluded except for an estimate of the earnings of physicians in Newfoundland employed under the Cottage Hospital Medical Service and by subsidized voluntary plans.

2. Newfoundland	$11.75
Prince Edward Island	17.06
Nova Scotia	20.33
New Brunswick	17.59
Quebec	22.99
Ontario	33.43
Manitoba	28.69
Saskatchewan	27.78
Alberta	26.57
British Columbia	34.21
Yukon and Northwest Territories	13.21

[*English*]

UNEMPLOYMENT INSURANCE CLAIMS BY YUKON RESIDENTS

Question No. 449—**Mr. Nielsen:**

How many Yukon residents claimed unemployment insurance benefits for each of the months in 1966 and for each of the months of January to September inclusive in 1967?

Hon. J. R. Nicholson (Minister of Labour): The number of claimants for unemployment insurance benefit at the end of each month in 1966 was as follows:

January	383
February	352
March	301
April	229
May	96
June	68
July	45
August	32
September	32

The commission's Whitehorse local office was closed in September, 1966 and since that date no individual statistics are available with respect to claims made by Yukon residents.

PURCHASES OF C-141 TRANSPORT PLANES

Question No. 457—**Mr. Dinsdale:**

1. Is the Department of National Defence purchasing the C-141 Lockheed transport aircraft and, if so (a) how many are being purchased (b) what will be the total cost of these aircraft?

2. Will the C-141 be used as a tanker for escorting the CF-5 on trans-Atlantic flights and, if so, will it have to be converted for this purpose and at what additional cost?

3. When is it anticipated the C-141 will go into service?

Hon. Léo Cadieux (Minister of National Defence): 1. Yes, subject to negotiation of a satisfactory contract; (a) four; (b) not available pending completion of contractual negotiations.

2. Yes, the specifications include a removable inflight refuelling installation.

3. Approximately 1970.

SCHOOL MILK PROGRAM

Question No. 457—**Mr. Dinsdale:**

1. Has the government received a recent request from the Canadian Dairy Council recommending the setting up of a school milk program?

2. If so, what response has the government made to the request?

Hon. J. J. Greene (Minister of Agriculture): 1. No.

2. Not applicable.

RIDING MOUNTAIN PARK GOLF COURSE

Question No. 460—**Mr. Dinsdale:**

1. What has been the revenue from the Riding Mountain national park golf course each year since 1960?

2. What have been the expenditures on maintenance over the same period?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): In so far as the Department of Indian Affairs and Northern Development is concerned the answers are as follows: 1. Revenue: 1960, $31,900; 1961, $43,400; 1962, $41,700; 1963, $42,800; 1964, $43,500; 1965, 43,000; 1966, $46,900; 1967, $48,600.

2. Maintenance costs: 1960, $27,540; 1961, $31,205; 1962, $36,621; 1963, $34,487; 1964, $41,525; 1965, $41,351; 1966, $50,647; 1967, $45,559—to October 15.

SOCIAL SCIENCE RESEARCH COUNCIL

Question No. 482—**Mr. Bell (Carleton):**

1. Has the government given any consideration to the establishment of a social science research council to promote and support research in the social sciences?

2. If so, what are the intentions of the government in this respect?

3. Has the attention of the government been drawn to the report of the committee on social studies under the chairmanship of Lord Heyworth in the United Kingdom?

4. If so, what consideration has been given to the general applicability to Canada of the principal conclusions and recommendations in this report?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. The government has been giving continuing consideration to the support of research in the social sciences and to promotion of more effective co-operation between government and non-government interests which are concerned. Both experience abroad, including the Heyworth report, and discussions with representatives of voluntary organizations form a part of this consideration.

2, 3 and 4. Answered by part 1.

RECIPIENTS OF OLD AGE PENSIONS

Question No. 485—**Mr. Isabelle:**

1. How many persons are receiving old age pensions (a) in Canada (b) in each province?

2. How many of the pensioners are receiving the supplement of $30 per month (a) in Canada (b) in each province?

3. How many are receiving only a portion of this supplement (a) in Canada (b) in each province?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Number of persons receiving Old Age Security as of August 31,

Questions

1967: (a) In Canada, 1,241,261; (b) In each province:

Newfoundland	23,518
Prince Edward Island	9,734
Nova Scotia	54,944
New Brunswick	40,973
Quebec	278,832
Ontario	457,373
Manitoba	71,936
Saskatchewan	71,254
Alberta	83,073
British Columbia	148,723
Northwest Territories	565
Yukon	336

2. Number of pensioners receiving the Guaranteed Income Supplement in the amount of $30.00 per month, as of August 31, 1967: (a) In Canada, 435,284; (b) In each province:

Newfoundland	16,182
Prince Edward Island	4,971
Nova Scotia	24,614
New Brunswick	19,420
Quebec	121,262
Ontario	126,492
Manitoba	24,664
Saskatchewan	22,270
Alberta	28,904
British Columbia	45,888
Northwest Territories	437
Yukon	180

3. Number of persons receiving the Guaranteed Income Supplement in amounts less than $30.00 a month, as of August 31, 1967: (a) In Canada, 265,967; (b) In each province:

Newfoundland	3,527
Prince Edward Island	2,397
Nova Scotia	12,383
New Brunswick	7,939
Quebec	55,644
Ontario	97,703
Manitoba	17,541
Saskatchewan	17,214
Alberta	19,296
British Columbia	32,237
Northwest Territories	36
Yukon	50

[*English*]

USE OF NATIONAL PARKS

Question No. 493—**Mr. Forrestall:**

1. What was the total number of visitors to all of Canada's national parks in 1966?

2. What was the comparable figure for the years 1956 and 1961?

[Mr. MacEachen.]

3. Is consideration being given to geographical extension of national parks at the present time?

4. If not, for what reason?

5. If so, what is the present status of such consideration?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): In so far as the Department of Indian Affairs and Northern Development is concerned the answers are as follows: 1. As visitor attendance is recorded on the fiscal year, the period which would include the 1966 vacation season is 1966-67, when there were 11,367,912 visitors.

2. Similarly, for 1956-57 there were 3,529,976, and in 1961-62 there were 5,491,663 visitors.

3. Yes. Negotiations are under way with a number of provinces for the establishment of new national parks.

4. N/A.

5. These negotiations are continuing.

QUESTION PASSED AS ORDER FOR RETURN

PAY SCHEDULES ON GOVERNMENT SHIPS

Question No. 410—**Mr. Forrestall:**

What are the current pay schedules for officers and crews of government ships operating on the west coast, the lake area, and the east coast?

Return tabled.

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I should like to rise on a point of order, and I address my remarks through you to the Prime Minister. After subtracting the questions answered today it is my understanding there are 124 unanswered questions still on the order paper, five of which are starred questions which should be answered as quickly as possible. Some of these questions have been on the order paper since May of this year. In my opinion they have remained on the order paper unanswered much too long. Perhaps I should point out that many of them were placed on the order paper as a result of Your Honour's guidance and instruction.

I ask the Prime Minister to prevail upon his cabinet ministers to give some attention to their duties to this house, particularly in respect of the questions which relate to their departments, in order that they may be answered as soon as possible.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I should call the attention of the house to the fact that during this session 540 written questions have been asked of which 416 have already been answered. There have been 52 starred questions asked of which 46 have been answered. Having regard to the unanswered questions, particularly those dating back to last May referred to by my hon. friend, many of them will take some weeks yet to answer because of their nature.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to speak on the same point of order. I directed a question to the Prime Minister which was placed on the order paper. It relates to the task force studying labour relations, and simply requests a list of the subjects being studied and the people conducting the studies. This question was placed on the order paper four months ago, and I am wondering whether the Prime Minister will check to find out what the situation is in respect of an answer.

WINTER WORKS

REPORTED REDUCTION IN LENGTH OF PROGRAM

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I wish to address a question to the Minister of Manpower and Immigration. Has the government reduced its winter works program to five months from last year's period of six months, and will the program now start on December 1 instead of November 1?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, the program may begin either on November 1 or December 1, according to the choice of each province, but the period will be restricted to five months.

[*English*]

Mr. Pascoe: I have a supplementary question, Mr. Speaker. Last year the winter works program included brush clearing, which is an important winter farm operation in many parts of Canada. Is brush clearing included in this year's winter works program?

[*Translation*]

Mr. Marchand: Mr. Speaker, that may very well be included in winter works provided that is related to more important works in accordance with the winter works program. In other words, we will not accept programs having to do with clearing fields or cleaning sewers, etc., unless they are related to an over-all construction program.

[*English*]

Mr. Speaker: The hon. member for Bow River on a supplementary question.

Mr. Eldon M. Woolliams (Bow River): This is not quite a supplementary question, Mr. Speaker, but it is related to the winter works program because it refers to lay-offs. Did the minister receive a petition from the international brotherhood of railway electrical workers in Calgary protesting the lay-off of 400 men by the C.P.R. due to the tie-up of shipments of grain—

Mr. Speaker: Order, please.

Mr. Woolliams: —and will the minister have the manpower office in Calgary look into this matter?

Mr. Speaker: Order.

FARM MACHINERY

REQUEST FOR REPORT ON WORK OF ROYAL COMMISSION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Agriculture. In view of the fact that some months ago the drastic increase in the prices of farm machinery impelled the government to order an investigation, and in view of the fact that the problem is still besetting our farmers, I should like to ask the minister what progress is being made in this connection, how soon he expects a report on the investigation into the prices of farm machinery, and when we may expect the report to be tabled.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, when the royal commission was set up it indicated that to undertake a comprehensive survey which would be meaningful and useful would take some two years. The work of the royal commission is on schedule, but it has not been able to cut down that period of time.

Mr. Douglas: A supplementary question, Mr. Speaker. At the time the minister set up the royal commission he asked the farm implement companies to voluntarily accept guide lines regarding price increases. Can the

minister tell the house whether the companies have complied with his request, and whether they have kept within the guide lines outlined by him at that time?

Mr. Greene: At the time, I believe it was about this time last year, the problem was very serious and I called in representatives and executives of the farm machinery companies. The general basis of contemplated price increases was under 5 per cent, which seemed to be justifiable in view of the increased labour and material costs that they were able to present to me. Until very recently I believe they operated within this framework. I have recently received complaints that they have gone beyond this framework, and the matter is being investigated by my office at the present time.

[*Translation*]

AGRICULTURE

QUEBEC—PAYMENT OF SUBSIDY TO POTATO GROWERS

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Can he tell us whether subsidies were paid to Quebec potato producers for surpluses in storage in the spring of 1967 and, if such is the case, what was the amount paid or available for that purpose?

Mr. Speaker: Order. I think that this question could easily be placed on the order paper.

Mr. Laprise: Mr. Speaker, I rise on a point of order. I think it is a matter of great urgency since the crop for the current year is already available, and if last year's subsidies have not yet been paid, I think it is about time to do so.

[*English*]

PUBLIC WORKS

CONSTRUCTION OF NATIONAL DEFENCE HEADQUARTERS BUILDING IN OTTAWA

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I wanted to direct my question to the Minister of Public Works, but in his absence I will direct it to the minister's parliamentary secretary and ask him to bring it to the minister's attention when he returns. Would the minister give consideration to presenting at the earliest possible moment the government's plans for the construction of the new complex to house the Department of National Defence here in Ottawa. The architects and consulting engineers working on the program for the government describe it as a $100 million construction project to start in the next fiscal year.

EXTERNAL AFFAIRS

MIDDLE EAST—DECISION OF U.S. TO RESUME ARMS SHIPMENTS

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is to the Secretary of State for External Affairs. Will the government use its good offices to obtain from the United States, either at the United Nations or in the forum of world opinion, an explanation of its decision to resume arms shipments to Israel and five Arab countries in the Middle East?

Hon. Paul Martin (Secretary of State for External Affairs): Yes, sir.

WATER RESOURCES

STUDIES OF SASKATCHEWAN AND NELSON RIVERS—DUPLICATION OF PERSONNEL

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, my question is for the Minister of Agriculture. I ask the minister whether he has any plans to lend part of his expert personnel from the P.F.R.A. offices to the Minister of Energy, Mines and Resources in order to conduct the Saskatchewan-Nelson rivers study, thus avoiding the duplication of personnel within departments.

Mr. Speaker: Order, please. The hon. member is making a submission. I do not think it should be made in the form of a question.

Mr. Korchinski: Mr. Speaker, may I point out with all due respect that unless some definite answer is given immediately the Minister of Energy, Mines and Resources could resort to employing people right now, which might not be necessary.

[*Later:*]

Mr. Korchinski: I should like to direct a question either to the Minister of Finance or to the President of the Treasury Board, and ask either of them whether in the course of their study of the estimated expenditures their attention was drawn to the fact that the Minister of Energy, Mines and Resources is

setting up a duplicate service, and whether they approve of this practice.

Mr. Speaker: Order. The second question strangely resembles the first one, but certainly if the minister can answer it I will allow it.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, no government has done more than this one to eliminate duplication in the government service.

Some hon. Members: Oh, oh.

HEALTH AND WELFARE

COMMITTEE CONSIDERATION OF BILLS RESPECTING CIGARETTE SMOKING AND ADVERTISING

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I would like to ask the Minister of National Health and Welfare. It is related to public health and may possibly lead to some saving of the time of the house. Would the minister consider encouraging the referral of the subject matter of various private members' bills, all dealing with cigarette smoking and advertising, to the committee on health and welfare where the whole matter could be appropriately considered?

Hon. A. J. MacEachen (Minister of National Health and Welfare): I have already agreed to consider the possibility of sending this general subject matter to the committee, and I will be glad to consider whether this particular technique is the most suitable one.

MEDICARE—REQUEST FOR ASSURANCE AS TO IMPLEMENTATION OF PLAN

On the orders of the day:

Hon. Michael Starr (Leader of the Opposition): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. In view of reports in the last week or so regarding the starting date of medicare which have created in the minds of the people of this country uncertainty, turmoil and doubt, will the Prime Minister issue a statement or assure those interested that no change is contemplated in the original plan to put medicare into effect on July 1, 1968?

Right Hon. L. B. Pearson (Prime Minister): The hon. gentleman should not be disturbed by such reports.

Mr. Starr: Then I shall put the direct question, Mr. Speaker. I should like to ask the Prime Minister whether medicare is to start on July 1, 1968.

Mr. Pearson: Mr. Speaker, that is so under the law and the legislation we passed, in which no change has been made.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Finance a supplementary question. Is he trying to discourage the provinces from taking up medicare on July 1, 1968?

Mr. Speaker: Order, please. The question is argumentative.

CANADIAN PACIFIC RAILWAY

CALGARY—PROTESTS RESPECTING SHOP LAY-OFFS

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to rephrase the question I put earlier to the Minister of Manpower and Immigration, and ask him whether he has received a petition or a protest respecting the 400 men who were laid off in Calgary, and whether he will contact his manpower office there to suggest alternate employment for these people. It is a very serious matter.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I should like to take this question as notice and answer it tomorrow, if possible.

NORTHERN AFFAIRS

ROADS TO RESOURCES—INQUIRY AS TO RESUMPTION OF PROGRAM

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Prime Minister. One month ago, on September 25, I directed a question to the Prime Minister in relation to the government's policy regarding the reinstitution of the roads to resources program. The Prime Minister said he was not in a position to make a statement that day but would look into it right away. In view of the fact that I have been asking this question for two and a half years, and the Prime Minister has indicated that the cabinet have had it under consideration, I wonder if I could get an answer.

Mr. Fairweather: That is not a long time for that cabinet.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): I hope to be able to answer the question shortly. I am sorry to have kept the hon. gentleman waiting for two and a half years.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): I should like to direct a question to the Minister of Agriculture. Would he advise this house and the nation if the government will take the necessary steps to see that the shore line of Diefenbaker lake, created by the construction of the Gardiner dam, will be cleaned up and not left in its present polluted and hazardous condition?

Hon. J. J. Greene (Minister of Agriculture): We are always very careful to keep anything with the Diefenbaker name as clean as possible.

HOUSING

BRITISH COLUMBIA—REPORTED CEILING ON UNIT COST OF LOW RENTAL PROJECTS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I have a question for the Minister of Labour. Has the minister been informed of the decision of the British Columbia government to set a ceiling of $12,000 per unit in regard to participation in low rental housing programs in Vancouver and the surrounding area? If so, has the minister any comment to make? I should like to ask the minister whether this action of the British Columbia government will make federal funds unavailable for low rental housing.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, my attention was first drawn to this recent action on the part of the government of British Columbia through a newspaper article. I immediately got in touch with officials of Central Mortgage and Housing Corporation, and I also called the provincial minister responsible in the housing field.

There had been a suggestion that an average amount of $12,000 per housing unit be fixed. I had not been able to get details as to whether that figure includes land, but I was informed that the figure was not $12,000 for any particular unit, but an average of approximately $12,000. I have asked for further details.

I also wish to say that so far as these projects in British Columbia are concerned

[Mr. Fairweather.]

—they number some 1,000 units altogether—not just as the minister responsible for the administration of the National Housing Act but as a member of parliament for a British Columbia riding and therefore having a special interest in the matter, during the past several months I have put some suggestions to the provincial government through the municipal authorities concerned to induce them to take action. I am glad to see that some initiative is now being shown. I might also say that federal funds are available for these projects.

Mr. H. E. Gray (Essex West): I have a supplementary question, Mr. Speaker. I wonder if the Minister of Labour is in a position to announce to the house the date of the special federal-provincial conference on housing, to which he referred when he spoke on this matter several weeks ago, in view of the continuing need for further action on housing.

Mr. Nicholson: Mr. Speaker, at that time I stated that an invitation would go out before the end of October. The invitation has gone out in the name of the Prime Minister to the ten provincial premiers for a conference, suggesting the date of December 11.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to direct a supplementary question to the Minister of Labour.

Can the minister tell us whether the provincial premiers, or their representatives, who have been invited to that conference, have already sent him their answer?

[*English*]

Mr. Nicholson: I would think not, Mr. Speaker.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—USE OF HYPNOTISM ON ACCUSED IN COURT

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask the Minister of Justice whether his attention has been called to the rather extraordinary procedure in British Columbia where an accused person was placed under a hypnotic trance in court, and whether he has instructed his officials to examine the facts in the case and report back in order that we may ascertain whether changes should be made to the Canada Evidence Act so that such iniquitous practices may not develop.

Hon. P.-E. Trudeau (Minister of Justice): I have not heard of the case but will look into it, Mr. Speaker. I thank the hon. member for the suggestion.

POST OFFICE DEPARTMENT

REPORTED REFUSAL OF MEDICAL AND FIRST AID PARCELS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, in view of the fact that the Postmaster General took notice of the question three or four days ago, I should like to ask him whether he is now in a position to explain why certain medical supplies which were sent by parcel post by the Canadian Mennonite committee and were accepted by the Canadian post office were turned back at the point of shipment in San Francisco. Does the minister know whether this action contravenes in any way the undertakings of the world postal union?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I answered that question two or three days ago.

PRIVILEGES AND ELECTIONS

REFERENCE TO COMMITTEE OF REPORT ON ELECTION EXPENSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the clear statement in the speech from the throne of May 8 that the report of the committee on election expenses would be referred to the committee on privileges and elections for study so that legislation might be introduced on the basis of that study, can the Prime Minister say when this report will be referred to the committee so its work can proceed?

Right Hon. L. B. Pearson (Prime Minister): I will be very glad to look into that question and see if the matter could be dealt with shortly.

• (3:10 p.m.)

[*Translation*]

SUPPLY

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

The Deputy Chairman: Order. The house again in committee of supply, estimates of the Department of Forestry and Rural Development for the fiscal year ending March 31, 1968. Vote No. 1 will be found on page 182 of the blue book and the detail of services on page 184.

DEPARTMENT OF FORESTRY AND RURAL DEVELOPMENT

1. Departmental administration, $1,714,500.

The Deputy Chairman: Shall this item carry?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Chairman, the standing committee on agriculture, forestry and rural development considered the estimates of the Department of Forestry and Rural Development for 1967-68 during seven sittings, and on July 6, in its report to the house, it recommended that the department's estimates for 1967-68 be approved.

At the sittings of the committee, I was able to explain to the members the objectives of the Department of Forestry and Rural Development and some of the department's senior officials explained in turn each of the department's programs and answered numerous questions which the members of the standing committee saw fit to put to them.

I do not intend today to deal at length with the department's objectives and policies. I think that the report of the committee and the minutes of the proceedings enable hon. members to understand what the department is trying to do.

However, I should like to make a few remarks in order to allow all the members to study the estimates in the light of what seems to be the policy of the department.

May I at the beginning of this session pay tribute to my predecessors who assumed, since 1960, the political direction of the department. I am referring to the hon. member for Victoria-Carleton (Mr. Flemming), who was head of the department from October 1960 to March 1963, to the hon. member for Charlevoix (Mr. Asselin), who has been appointed minister in March 1963, and to the hon. Minister of Labour (Mr. John R. Nicholson), my immediate predecessor, who was the minister from April 1963 to February 1964. Those three ministers have given the department that kind of leadership which, I hope, I will be able to continue, and I know I have their entire sympathy when it comes to the discussion of the estimates of the department, especially today.

In the forestry division, we must remember that the department is concerned with research only; in other words, we are not responsible for forest management which

falls under the exclusive jurisdiction of the provinces.

I think all will agree that the department is leading the way in all aspects of research. In fact, we receive every day tokens of appreciation and also many visitors who come to see our methods and work. Although we are restricted to scientific research in the field of forestry, we have nevertheless taken a number of initiatives, including that of convening the first national conference on forestry which took place in Montebello, in February 1966. All the members of this house received a report of this conference, and I know that several found the information it contained interesting.

Following this conference, there was a meeting of the committee which had been set up to organize the conference, and we agree that we could hold other meetings on a national level in which administrators, deputy ministers and high officials of the provincial governments would participate and consider together what measures the provincial governments could take to improve forest management.

I should like the hon. members to understand the role we play and the measures we are taking. We are able to do this because the provincial governments trust us to take certain very limited measures. There has been recently, as always, some criticism of the inaction of the department in the field of forest management. I do not have, any more than my predecessors, to explain continuously the limitations imposed upon us by the British North America Act with regard to our role in the field of resources, and I shall simply say that thanks to the very good relationship between the officials at the federal and provincial level, and also because of my personal relationship, as was the case for my predecessors, with the provincial ministers of forestry, we can still take certain initiatives which, although of an unofficial nature, have been very successful. I am also satisfied with the co-operation received at all times by the department from provincial and national organizations. And when steps were taken under the leadership of my predecessor to reorganize the department structure, we thought of developing a consultation system whereby all concerned, namely provincial governments, research institutes, universities or private enterprise, are represented. Since those advisory bodies have been set up in most parts of Canada, the results in our opinion have been very gratifying.

[Mr. Sauvé.]

• (3:20 p.m.)

I could speak at great length on the work performed in the department, but I think that most of my colleagues will dispense me from giving all these technical details which are very interesting indeed but which would extend the debate unduly.

The department of forestry, created in 1960 by the government under the leadership of the right hon. member for Prince Albert (Mr. Diefenbaker) and whose first minister was the hon. member for Victoria-Carleton, was transformed in 1964 when the right hon. Prime Minister (Mr. Pearson) decided to add certain responsibilities in the fields of rural development and administration of transportation charges for livestock feed.

As far as rural development is concerned, what is known mostly under the name of ARDA, hon. members receive practically every day from the provinces or the federal government press releases which explain the work we are doing.

It is a member of this legislature who, in 1961, initiated that legislation—as I said previously when the department's budget was discussed or when amendments were made to the act—but allow me to recall very briefly that the legislation covering ARDA has changed considerably since then.

At first, it was thought that the legislation was concerned mostly with agriculture; then, as time went on, it was realized that it was impossible to solve farm and the rural problems solely with legislation on farming, that it was necessary to go further. The provinces and the federal government then directed their action toward the development of the physical and human resources in rural areas.

Finally, last year, a third step was taken when parliament approved the $300 million Fund for Rural Economic Development, commonly known as FRED; its purpose is to enable the ARDA administration, jointly with the provinces, to engage in rural development.

Indeed, my colleagues are aware that since that time, since that act was passed by the house, we have signed agreements with two provinces, namely, New Brunswick and Manitoba; and we are currently negotiating vast rural development programs with Quebec, Nova Scotia, Prince Edward Island and Newfoundland.

The administration of ARDA is no easy matter, because the act is based on agreements between the provincial and federal governments. Each province is free to

undertake certain types of programs and the federal government may not take the initiative of proposing to them what type of programs they should undertake and develop, so that, in some provinces, certain aspects of the ARDA agreements have been emphasized more than the others. In fact, the programs provided for in the agreements with the provinces have been implemented, in most cases, very successfully and sometimes in spite of lots of red tape. Unfortunately the results have not always been most satisfactory. I am not surprised at that and I believe that most members will realize that such a complicated legislation as that of ARDA, which tackles almost all the rural problems, cannot always be interpreted or implemented as firmly as we would like.

But it is not because in some cases—and I expect a few members of this house to mention one case or another this afternoon—administrative weaknesses or wrong interpretations of the agreements have occurred, that we should come to the conclusion that the program has not been successful. On the contrary, the ARDA program—passed without dissent by both houses in 1961, when the portfolio of agriculture was held by the present member for Qu'Appelle (Mr. Hamilton) —has received the widest acclaim, because it symbolizes perhaps a new concept in federal-provincial relations, where each province and the federal government are partners in a project affecting a definite part of the population, namely those living in rural areas.

On the whole, I think we have made some progress. As you know, the act was amended last year, by the addition of the Fund for Rural Economic Development Act, which made the sum of $300 million available to the department. It is now possible to get to the root of the rural problems.

However, we cannot do everything by ourselves. Until such time as a national agricultural policy is developed, that is, until the federal and provincial governments, in cooperation with farmers' agencies, agree upon a number of targets to be attained in the agricultural field within 5 or 10 years, ARDA will not fulfill its purpose as effectively as it should, and though we have the right to step in the fact remains that a number of requirements over which the ARDA administration has no control, have to be met.

In order to help us carry on our work, we have established, as hon. members will remember, the Canadian Council on Rural Development. It is a rather unusual organization in that it is not under the direct control of the minister or the department. It has its own budget, its secretary, and even though its members are appointed by the minister, they act independently, that is, they meet regularly; they make comments, hold discussions, and they criticize the work of ARDA, in a constructive manner, of course, but they are not bound by the minister's decisions.

This is a federal organization of a new type which, I believe, performs its duty effectively. It will soon be called upon to assume other responsibilities, since it has given satisfaction up to now.

Certain members will possibly want to know what is happening to the development program suggested by the eastern Quebec development board and which was turned over to the provincial and the federal governments in July 1966.

It will be recalled that several times last year and this year, I spoke of the federal government's concern with the implementation of this development project which seems most important to me and at Rivière-du-Loup, at Chandler or at Rivière-au-Renard, last month, I undertook, on behalf of the government, to carry out this project. I have the pleasure to announce that last week, I received a letter from the acting premier and finance minister (Mr. Dozois) saying that he wanted to proceed immediately with the practical and definite negotiation of an agreement to implement this development program.

That is very good news which will surely please everyone interested in the pilot area because the implementation of this large development program is awaited impatiently.

• (3:30 p.m.)

In addition to forestry and ARDA, I am also responsible for the Canadian Livestock Feed Board created under legislation passed last year.

The president and the senior members of that board took up their duties on May 12 last, that is a few months ago; they have since considered several problems arising from the administration of that legislation whose object, as you know, is to provide for the transportation costs of livestock feed from the great lakes to the eastern provinces of Canada. They have already reached a certain number of decisions which I announced in the house last week and which are proof of their competence.

They are also reviewing the over-all problem and I hope that in the near future I will be in a position to communicate to the members of the house the stand which they have

taken and the decisions which they suggest to improve the application of that important legislation.

The department is also responsible for the administration of the Maritime Marshland Rehabilitation Act, which has a very limited scope and which will expire in 1970, since the provinces concerned, that is New Brunswick, Nova Scotia and Prince Edward Island, will then assume all the administrative responsibilities provided by the act.

This was a short overall view of the department's activities.

In the presence of two of my predecessors at the head of this department, may I pay a very special tribute to Mr. Rousseau, the deputy minister who retired on September 1 of this year. Mr. Rousseau, whom you know very well, was not only a forester, a scientist, but also a humanist. I think that my colleagues who have worked with him have been able to appreciate in particular his talents, his kindness and his understanding of problems.

Under his leadership, the department has adopted a course which I am sure it will pursue, and my colleagues in the house will certainly wish to join me in paying tribute to this great servant of the state.

Mr. Rousseau has been replaced as deputy minister by the vice-president of the Economic Council, Mr. Couillard, who took up his duties on September 1. There is no need to describe Mr. Couillard here—he is well known, having served on the Economic Council of Canada since its creation. He has had a career in the civil service, and he is known for his administrative ability.

We have also lost this year to the Department of Energy, Mines and Resources the assistant deputy minister responsible for ARDA, Mr. Davidson. He has become head of the water resources division of that department. Mr. Davidson, whom several hon. members know, has left his mark on the administration of ARDA and I was very sorry to see him leave.

He was replaced by Mr. Saumier whom most of the committee members have met and who has shown a remarkable understanding of ARDA problems. It is pointed out in the committee report in which a special tribute is paid him.

During the year, the Minister of Public Works (Mr. McIlraith) announced that the headquarters of the department and the research laboratory would be built one in Hull and the other in Lucerne. These buildings the plans and specifications of which must be submitted, will start soon I suppose. That is almost a new departure for the federal government to try to build on the Quebec side a certain number of federal buildings and I suppose this is preliminary to the establishment of a true national capital.

There, dear colleagues, you have the essence of what I wanted to say to you. I hope to be able this afternoon to answer all your questions. I know that you too believe in the work of the department and that you are most interested in the ARDA program and in the regional development program.

I will accept the criticisms you will make in the same spirit as I have in my remarks, that it to say that I hope they will help to improve the work of the department.

[*English*]

Mr. Hamilton: I think it is fitting to say at the outset that the members of the opposition taking part in the committee hearings were relatively pleased by the efforts the minister and his officials made to answer their questions in connection with both forestry and rural development. Nevertheless I must say with equal frankness that there is grave disquiet not only among members of the committee but among farmers, certain of the farm leaders and some of the newsmen who have taken a constructive interest in ARDA over the years. They keep asking me: What has gone wrong; why have the expectations of this legislation not been achieved?

Listening to the minister speaking today, I realized he was telling us that progress is being made but that certain limitations were hindering the success of what in theory is sound legislation. I gathered from what he told us that in his view those limitations were, first of all, those imposed by the terms of the British North America Act. In the second place they arose because the federal government could take no initiative in proposing programs and, third, because of the fact that the federal government was obliged to carry out its work in co-operation with the provinces.

The suggestion was made, though it was not expressed directly, that there is a great variety in the ability to understand the purposes and techniques of this legislation, though such understanding is of great importance.

If this is a fair assessment, I think I should spend the few minutes available to me in this debate by making a further attempt to reach

out and identify the obstacles to progress—the factors which have accounted for the progress to date. What distresses us all is the attitude taken in a constant series of articles appearing from time to time in learned magazines as well as in daily newspapers. I cannot deny the accuracy of the assessment made in these articles. I wish to read a portion of one article which happens to be the most recent—it is dated October 17, appeared in the Ottawa *Journal*, and is written by James Gray, a man with at least 40 years experience of reporting in western Canada, a good deal of it in close proximity to the agriculturists of that region.

The headline of this report states in black type for every city reader to see: "ARDA Floundering in Alberta". Listen to this:

> The gulf which separates the ideas of the Ottawa deep thinkers from the realities of life is being boldly etched in Alberta these days. In no place is the process more apparent than in the efforts of Ottawa to get its ARDA program off the ground.
>
> The Agriculture and Rural Development Administration was spawned in the days when Alvin Hamilton was minister of agriculture. It was set up to eradicate rural poverty all over Canada. The basis of rural poverty is the existence of submarginal people on submarginal land.

The writer then goes on to describe the training program being offered in Alberta to induce people obviously in serious economic difficulties to move from their present holdings to the city of Edmonton, receive training there, and eventually find jobs more likely to provide a reasonable living for themselves and their families. I believe this is a fair article, one which does justice to the department inasmuch as it assumes that the department is trying. Yet, further on, we read that after two years of effort all that has been achieved is the signing up, in connection with this program, of 35 families—the great majority of those concerned having refused to co-operate, mainly because they are reluctant to exchange a type of poverty with which, at least, they are familiar, for a new type of poverty in the city about which they know very little.

Here in this article is evidence of the uneasiness which I believe is present in the minds of most members of this house who were unanimous in 1961 in supporting the ARDA legislation. I do not know whether my own remarks will do much good, but for better or worse I will make them, and put forward a few ideas in the hope that the minister will consider them, and possibly make some changes.

• (3:40 p.m.)

First, knowing something about the administrations responsible for ARDA in each of the provinces, it is only fair to say that knowledge of ARDA, its purposes and techniques, varies a great deal from province to province. I do not think that lack of knowledge at the provincial level should be held against the minister. In some cases there is that lack of knowledge, but by contrast in other provinces the effort and the appreciation are superb. I will give you an example of that in a moment, but this is one difficulty which we have to consider in our analysis of what the minister is doing. However, having said that I immediately hasten to say that a great deal of the responsibility for the situation that I have described does fall on the minister, because it was he who stood up in this house and stated the principle, which was at complete variance with the original principle I enunciated concerning the right and the power of the federal government to initiate programs and ideas.

In our original statement of ARDA purposes we accepted the fact that because there was division of constitutional authority, and because in solving the economic problems of the traditional farmer we had to seek answers through all forms of resource use, a matter which crossed federal and provincial jurisdictional boundaries, we should have to seek a new type of mature sophistication and work together, first of all to find the answers and then solve the constitutional problems later.

In my opening remarks on the ARDA legislation I emphasized that the initiative should lie at all three levels, these being (a) the federal government, (b) the provincial governments—and I accept the fact that with respect to most resources the legal constitutional responsibility does fall on the provinces—and (c) in the rural development part of the legislation, under which the people themselves propose projects.

If the minister reads my speeches again he will find out that I put my opinion flatly on the line, that the success or failure of this brand new concept of self-help legislation, in contrast with the hand-out type of legislation, would depend on the ability of local people to find their own answers. All that governments were to do was to provide the advice, the surveys and the knowledge upon which they, the local people, could base reasonable proposals, and the second thing that governments were to do came under the conservation part of the act by providing social

capital beyond the competence of individuals or groups to provide themselves. The success or failure of this ARDA concept will finally rest on the ability of the several hundred local ARDA groups across Canada to solve their own problems.

I could relate many pieces of evidence to show that farmers want to be independent, to show they have demonstrated that if given a little bit of leadership they can solve their own problems without great expenditures of public money. Mostly what is involved is a lack of information; mostly it is a question of marketing, not production; mostly it is a question that the world has moved on. For example, our agricultural businesses in Canada and the United States are both guilty of acting in a strait-jacket, of thinking that the only market for the farmers' products is in the local city. They cannot see the evidence that with our ability to produce far beyond the ability of the consumer to consume in our cities, our natural markets are no longer in our cities, are no longer in Canada, but are all over the world.

Here we have this ridiculous conundrum of two billion people in the world wanting what we can produce, and yet we are asking people who call themselves farmers to use their human and natural resources at quarter or half speed simply because there is no market in Canada. I am only trying to dramatize the fact that this is the place for the federal government, without any interference with provincial rights, to let the people of Quebec for example, know where the world needs something; and this is something that can be done through the responsible minister.

I suggest the minister should read the recent report accepted by the Ontario government, of the conference at Kemptville two months ago. What was the first recommendation about agriculture in Ontario made in those reports to the provincial department of agriculture? It was to the effect that there is no answer for the farmer in Ontario, generally speaking, and that the richest farm province in our country will have no answer to these problems until the federal government sets national goals.

The national goal is not to kid the farmer that he can any longer save himself by increasing his efficiency. The national goal that must be first and foremost is that the world needs food and we have the people here who can produce it. The provinces which have no machinery to cope with this have to be asked and challenged to help meet this national goal. The provinces have to be asked and challenged to get together.

[Mr. Hamilton.]

Any person who goes through Gaspé today, who goes through New Brunswick, parts of Newfoundland, Nova Scotia and Prince Edward Island and who does not realize the tremendous capacity of the people in those provinces to produce—people trained in everything they need to be trained to meet the world's needs, yet still living at a very low economic level—that person who cannot immediately see the opportunities should stop walking around, in order to save funeral expenses, and jump in the sea.

I feel very deeply about this because the institutional framework has been set up for ARDA. Governments have done a good job in setting up that institutional framework. All that is necessary is to get rid of this refuge of the B.N.A. Act; all that is necessary is to suggest the answer, and then wherever the constitutional responsibility lies, let that group move.

But going back to my original thesis, the success will depend on the full teamwork of the federal government, the provincial governments and the local people. Yes, the final success will depend on the local people, but in the beginning there has to be this concept, this idea to encourage, to drive, to get around all the difficulties of the federal government. Therefore my first proposal to the minister is that he should reconsider the statement he made three years ago when he said the responsibility lies on the provinces to make the proposals. Let him take his courage in his hands, see the market opportunities, and deliberately set out to achieve those objectives. Let him set a goal.

The second matter I want to mention has to do with the province of Quebec. There is no question in my mind that every Canadian recognizes the efforts made within a period of four or five years by two governments to set up the development area in Gaspé. It has been successfully established. I have talked to the officials down there. I do not think anyone would question their enthusiasm, their clear thinking, and the logic of what they have set up, but on questioning them closely they are ready to admit that in the Gaspé development, which is one of the best examples of what we can do between governments, working as a team, all they are concerned with is increasing productivity without any thought of the end product, which is marketing.

• (3:50 p.m.)

I can see the trouble coming now if we get the farmers all steamed up and enthused about increasing their income by increasing their productivity, and then find that the market for their product is not available. The trouble is already apparent. This does not mean that the Quebec program should be stopped; not at all. I believe the federal government should jump in and say that they know that under the F.A.O. reports of 1949, 1959 and the special report of 1954, there is a world demand for an immediate all-out effort to increase the production of fibres. Let us call this by its simple name, pulp and paper. In this area the farmers are trained. They know how to work in the bush. This is part of the production plan in this area. But somebody must bring the Gaspé area and the four eastern provinces together in a single market operation because the companies which ordinarily handle the products have been oriented to the single newspaper to which they sell. They are quite happy with the contracts they have, which run for years in advance with some of the newspaper companies in the United States and in Europe.

These companies do not see the world as a market place so long as their particular mills have full sales. There is a job here for an imaginative minister. He must realize that here is an opportunity to bring together the five provinces, Quebec and the four Atlantic provinces, and forget for a while that there are provincial boundaries. He should see that here is an opportunity to take the word of the scientists, that the production can be multiplied if the trees are grown by the use of scientific techniques instead of in the natural way which is presently used. Three or four times the amount of wood can be produced off an acre if the farmers will take advantage of the technology available. All this knowledge is available to the government of Canada and has been for 30 years. We all know that it takes 30 or 35 years to grow a tree, but we must consider what other things can be done in this area.

All these farmers some time or other have had an opportunity in respect of cattle. We have heard from departmental officials and others that Canada and the United States are moving toward a crisis in respect of beef. We have heard there is a possibility that in the next few years Canada will have to import beef, because we cannot supply it from the present grass supply on the prairies, and the little that is available in eastern Canada. It is embarrassing enough to have a country like Canada import butter, but it will be even more embarrassing if we have to import beef. This country could step up its production of beef. Alongside beef there is the matter of the production of the fish from the river, the gulf and the ocean. When the World Food Organization three years ago asked Canada for more fish, we were unable to provide it because they could not take our fish in fresh form and send it to the Far East; they could not take it in the dried form in which we produce it. However, we do have the necessary technical knowledge. This was demonstrated five years ago in the pilot plant in Newfoundland. This operation could use the low grade fish which ordinarily would not sell, process it, and ship it all over the world. It could be sold commercially without any subsidy to the taxpayers.

While we have the potato producers crying because of the lack of markets, here we have the fish producers crying because GATT has not given them as much as it had expected. When two billion people want proteins in the form of fish and meat, what would be more natural than to combine the whole Atlantic region in respect of the production of fish, the products of forestry and the products of agriculture? In the type of operation I have been talking about, for example, each one is done seasonally. In the production of beef there is not an intensive labour content. You can watch the cattle grow without looking at them every minute. Somebody, however, must introduce the idea and show how this should be done. Actually the question of getting production organized is not difficult. The people of the Gaspé have made progress in the development program they have shown me. No one, however, is doing anything but marketing; no one has established national goals.

Therefore I suggest that the minister should move on his own, as the minister responsible for forestry and rural development. He should take the bull by the horns, because if he waits for the present Minister of Agriculture to come up with a national agricultural program we will all be dead. Let him speak for the people who need help in the marginal areas. Under the act he has full power to ask the provinces for their co-operation.

My third proposal has to do with rural development itself. When I introduced this legislation in 1961, indicating that I thought it would take 20 years to bring the complete rehabilitation program into being in all the areas which needed it, I had hoped in five or

six years to see 500 or 600 local ARDA groups. How many are there? There are about five or ten. I know there is good work being done in the valleys of British Columbia and in each of the provinces, but in respect of this essential part of the legislation there is no leadership by anyone, provincially, federally or locally.

There should be field teams under the federal administration for each of the disciplines represented, which will go out and work with the provincial people, not to interfere with their constitutional rights but to show them that we at the federal level are anxious to work with them and learn how to use the available techniques. Larger provinces like Ontario and Quebec should have four or five pilot operations going. They may be big ones, like the Gaspé operation, if you like. But what about the Renfrew area in the Ottawa valley; how about Lanark in the Ottawa valley? These are two types of areas which have different types of redevelopment possibilities. The people in the maritimes and in the Ottawa valley have the necessary human resources and the willingness.

This brings me to my final point. I think the officials must bear some of the blame for the slow movement of ARDA. I shall be straightforward in my criticism by putting it this way. Nearly all the economists who deal with agricultural economy today are talking about this nonsense, which the people in the press who know nothing about it repeat, that the only way to revitalize agriculture in Canada is by having bigger and bigger farm units. I describe this myth as nonsense, because I know what I am talking about. This may be necessary in a few areas where commercial production is possible, or in the almost desert areas of southern Saskatchewan and southern Alberta. In such areas a few larger units may be necessary. The idea for four or five years now has been to move toward intensive rather than extensive agriculture. We see the smart farmers reducing their acreage so that two pairs of hands, such as a man and his wife or a man and son, can handle the work and achieve greater productivity for the two pairs of hands.

We are getting away slowly from the inefficient and expensive type of program which the economists talk about. They talk about this simply because someone enunciated this theory about 30 years ago. This is evident in the prairies where more wheat is being produced today. It is not the big farms but rather the small farms which are getting more production per acre. My suggestion to the officials is that they should get off this kick that every farm should be bigger and bigger. The bigger farmer, in the long range, cannot compete with the smaller efficient farmer. I am talking about efficiency in production per unit. Any person who digs down into this will soon find the truth in these remarks. The officials have to get off this kick that the agricultural economists have been following for 40 years, because they do not have the courage to change it even when the evidence supporting a change is developing in front of their eyes. We will eventually see a change when the officials untie themselves from the myths of the past.

[Mr. Hamilton.]

• (4:00 p.m.)

I have put forward one or two concepts this afternoon in respect of field teams, co-operation between the provinces, and the minister taking the initiative whenever an opportunity appears. I am sure if the department follows this advice it will find that the provinces will be more than anxious to co-operate.

Let me say one final word about feed grain. For reasons that none of us will ever know, the federal government last year, when Mr. Pickersgill was in charge of the Department of Transport, sold a grain elevator in Quebec city to Bunge, a South American company. That elevator was making a good profit and protecting the farmers of Quebec in that area in so far as a supply of feed grain was concerned. We are now hearing rumours which bear out our fears regarding the Quebec government's warning. The dealers no longer can get their grain into this elevator.

I know the government is aware of this problem but I do not know whether this minister was involved in the deal. I do not even know what the deal was or why it was made. Perhaps this was the result of the cut-off in respect of the Seven Islands elevator. All I know is that the government is now in trouble in so far as feed grain in Montreal and Quebec city is concerned. Perhaps the government was wise in allowing Mr. Pickersgill to get out of the cabinet and into the Canadian Transport Commission. Maybe these funny deals will no longer occur. In any event I warned the government about the difficulties resulting from the sale of that grain elevator, which to my mind was a very serious blunder. If the Quebec farmers suffer as a result we will know where to lay the blame.

Mr. Herridge: Mr. Chairman, I speak under some handicap this afternoon because I have a bad cold, but I cannot resist making some remarks in view of the fact that forestry, farming and rural development have been lifetime interests of mine. I can truthfully say I know something about all of these subjects. I staked my first timber limit when I was 17 years of age. I got a man who was over 21 years of age to actually stake the limit for me, and he sold me the limit back when I was 21 for $1. I had an early interest in this operation.

I have operated a tree farm for some 50 years on a sustained yield basis, so I have more timber today than I had 50 years ago. I am sure the hon. member for Victoria-Carleton will know something about this. I look forward to that hon. member's speech during this debate because he knows what it is to meet a payroll and handle a sawmill operation. I had some experience for a number of years in the operation of a small sawmill. This mill cut about 30,000 feet of lumber during an eight hour day. I know of the difficulties in connection with such an operation.

For some years I have been interested in farming generally, tree farming in particular, and in raising cattle. I have always been interested in rural development, as have other like minded people who live in small communities. Even today I find a number of people living in the district from which I come who are interested in these subjects. They are particularly interested in the rural development operations which fall within the minister's responsibility. I speak as the president of the Canadian Tree Farmers Association, which is really a group of individuals who have a philosophical approach to the development of natural resources which come from the soil, the forests and the water. The majority of our members are not primarily interested in forestry to make their living. Mainly they are individuals with an income who have purchased property in the country for development along sound resource management lines.

For many years I have been interested in the public and private sectors of the development of forest economy. I listened with great interest to the remarks of the hon. member for Qu'Appelle, to whom I give full credit for all he did when he was minister of agriculture. His department undertook the most progressive program of any department of that government in respect of resources, and he was directly responsible for calling the resources for tomorrow conference, as well as for the establishment of the ARDA program.

Let me thank the present minister for his personal attention to the matters I have brought to his attention. I have appreciated the work done by his staff in respect of forestry and rural development. The estimates now under consideration involve a total expenditure of some $50 million, so we are discussing matters of considerable importance. In years to come I am sure we will find that these estimates will increase as a result of the knowledge that these moneys are being spent for the sound development of our economy.

The committee on agriculture, forestry and rural development studied these estimates and had every opportunity to listen to and ask questions of the minister and his officials. The meetings of the committee were among the most interesting I have attended in recent years. That committee, the sittings of which were both interesting and informative, recommended the approval of these estimates, I think rightly so.

The tone of the minister's speech was pleasing because he was non-partisan in his approach and willing to compliment former ministers for what they had achieved. We do not often find ministers taking this attitude, but I believe when someone has done something of value he should be complimented. The minister was generous enough to do that today.

The minister said today that the federal role of the forestry department is largely restricted to research. He is right in that contention, but I believe that the officials of his department could, as a result of obtaining this knowledge and without transgressing upon the rights of the provinces, give further leadership in the development of the programs in which they are interested. I am sure they could do so and retain good relations with the provinces.

The minister said that his officials are developing technological consultations with the officials of the provincial governments. I should like him to explain why vote 23 was dropped. For the information of hon. members vote 23 related to contributions to the provinces, pursuant to agreements entered into with the approval of the governor in council, in respect of forest inventories, reforestation, forest fire protection, forest access road construction and stand improvement. I would like to hear an explanation of why this item has been eliminated, and I look forward to what the minister has to say.

In dealing with this subject generally I should like to quote briefly from volume 2 of the resources for tomorrow conference held between October 23 and October 28, 1961. What is said at pages 735 and 736 emphasizes what I wish to say about the situation which exists today in some forms. The part to which I refer is as follows:

• (4:10 p.m.)

There is a basis of fairly solid forestry concepts common to the whole country, but as yet this is only a framework containing many weaknesses. This framework must be critically examined to ensure that each component member is sound and appropriate to the finished structure. It is also eminently desirable, especially where the owners are large groups or communities of people, that there be some formal statement of the policies affecting forests and forest land.

That means by the federal government. This report goes on to say:

In the absence of formal statement of over-all policy, owners, owners' representatives, and even administrators, must improvise on each occasion when a situation arises which is new to them—

Then the report says:

When a resource is abundant and population scarce, there are few problems because there is a surplus of values and the minimum of managerial and technical skill is required. Hence policies are simple.

Those conditions existed some 40 or 50 years ago. They do not exist today. The report continues:

When a resource or all resources are scarce and population is abundant the demand for values is greater than the supply; then the highest production of values must be attained, technical and managerial skill must be of the highest order and policies must be adopted for a complex of activities.

Canada is rapidly moving from the first situation—

That is the simple situation in a pioneer society.

—toward the second. That is why the time is ripe for a searching look at our accumulation of forest legislation and forest practice to determine wherein it falls short of constituting a forest policy compatible with our present and future needs.

I believe the federal government can give greater leadership in this direction because of its knowledge as a result of research, its association with all the provincial governments and the prestige which it enjoys as the federal government, without transgressing in any way at all the rights and responsibilities of the provincial governments.

I recently attended a very interesting session of the joint annual meeting of the Canadian Institute of Forestry and the Society of American Foresters. The convention was held last week. Because this is our centennial year the meeting was held at the Chateau. I enjoyed attending a couple of these sessions and found them most informative. I wish I had been able to attend during the whole of the four days or so that the meeting was held. From reading the Ottawa *Citizen* of October 17, I noticed that a very interesting paper was read by Canadian and American foresters. This newspaper article says:

"Forestry failed to keep abreast with economy." Forests must become more productive and also develop into better playgrounds for city dwellers, a convention of almost 1,000 foresters was told at the Chateau Laurier Monday.

The article goes on to say that the federal and provincial governments—it talks in terms of the government of the United States as well—have to pay stricter attention to various matters if we are to have in this country forestry policies that will meet the needs of present times and circumstances. I know that in recent years a great deal has been done in this area, particularly since the passage of the forestry act in, I think, 1953, and with the co-operation of the provinces with respect to research and other programs with which I expect the minister will deal later.

I believe we have to continue and expand research so far as the growth, production and utilization of our forests is concerned. The forest products laboratory has done an excellent job in this respect. I suggest that we have to obtain the co-operation of the public on a wider basis than is the case at the present time. I think we should begin to teach the principles of co-operation and the value of resource management in the primary grades of our schools. We should inculcate in our children the value of the resources of this country and let them know that if we are to improve our standard of living and act fairly to generations to come we must practise to a much greater degree than we have to this time resource management in all its fields, whether it be land, water, forests or wildlife.

I suggest to the minister that this important question should be discussed with the provincial governments, because I have been shocked on occasion to learn of the attitude of some people on the subject of our natural resources. Not long ago I was talking to a school teacher in a small community in my district. This is a beautiful community in which to live. There are in the area small farms on which people are quite happy to

live; they are living under reasonably good circumstances, with modern conveniences and all that sort of thing. This school teacher actually suggested: I suppose these children all look forward to the time when they will have the opportunity to get out of this dump. This was not said in school but in a private conversation, but to say this sort of thing to school children shows, in my opinion, a complete lack of understanding of our responsibilities.

I believe that something can be done to promote education in our primary and high schools on the importance of this question. Let us get our young people to focus their attention on this important area. Let us give them a purpose in this field. Let us give them an interest in it. They will then have an interest in the land, they will understand water conservation and forest conservation and will have an interest in wildlife. They will join rod and gun clubs. They will understand what recreation and park development are, and so on.

I believe we have overlooked the education of young Canadians in the value of the resources which are at our disposal. We have overlooked educating them as to the proper management of our natural resources in the years ahead. I also believe that greater use could be made of the newspapers and periodicals in this respect. We should seek the assistance of interested groups in our communities.

I suggest to the minister that if he finds there are groups that wish to hear about federal policy with respect to forestry or rural development his officials should whenever convenient have the opportunity to address these groups, whether they be of farmers or trade unionists. I have been very disappointed at the lack of attention paid to this important question by our trade unions. They have not been very concerned about the management of our natural resources. We have looked into the records of the trade unions in this regard. I think Dr. Forsey did this for me. I believe that over a period of 25 years there were only two resolutions passed with respect to the conservation of our resources.

The leaders of all groups have a responsibility in this regard. The trade union leaders must get their members interested in the subject. I have often said in my own district that this is not a matter just for chambers of commerce or farmers organizations to discuss; it is a matter for all organizations to discuss, and to accept some personal responsibility in support of a positive and constructive program.

I wanted to say a word or two about the question of rural development, although the hon. member for Springfield will deal with the subject at greater length. It is one in which we have always been interested.

• (4:20 p.m.)

In this connection I want to quote from the *Christian Science Monitor* of October 3. The editorial is entitled "A halt to megalopolis" and it reads as follows:

> One of the most discouraging brainwashings ever put across is the conclusion that everybody—or most everybody—must soon be living in cities.
>
> People come to accept as "inevitable" what a passel of planners assumes is unavoidable. But the prospect that the United States, or almost any modern country must soon become solidly city-settled—a cement-bound metropolis, for instance, from Maine to the confederate capital of Richmond—doesn't have to materialize. Not if people don't want it to happen.
>
> But it will take a lot of effort to reverse the tide—
>
> Why then this "laissez faire demography," this unplanned population drift cityward? The prime cause is of course economic, and more the pinch of rural poverty than the publicized pull of city benefits—
>
> Running a poor second as motivation is the argument that the cities provide better cultural and educational opportunities. But in a century when educational television can bring learning to any hut with a high-rise antenna, when rural shopping areas sprout up, when bookmobiles travel and good highways reduce the farm-to-town distances, the cultural lure of the city should lessen.
>
> If the trend is to be reversed, the effort must begin at the rural end. There is need for welfare concepts that reach the hillside disadvantaged. For better rural schools. For rural industries. For more farm co-operatives—

I read that editorial because I think along those lines myself. It is not sufficient for the government or any organization to accept as inevitable the gradual drifting of populations into the large centres. I think we should have a policy related to this rural development program which indicates we are going to try to turn the tide. I believe we should decentralize the population and decentralize industry if people are to enjoy the sort of life they are entitled to in a country such as Canada.

These policies, whether forestry or rural development policies, must be developed in co-operation with the provincial government, the municipalities and the organizations I have mentioned. There is a lot to be done in this respect in the days ahead.

You will notice when you pick up your daily paper that much space is devoted to some movie star who is getting a divorce under certain circumstances, but I will guarantee you will not see much of import in this debate reported, even though the member for Kootenay West is speaking. This is an indication of the values in our society, and with the exception of three or four of the gentlemen of the fourth estate who are interested in this question, most of them would get much more news out of my getting up and denouncing the minister and calling him some unmannerly names.

Before I sit down I want to bring to the attention of the minister that, as I have mentioned, I have been keenly interested in the work of the Canadian Tree Farmers Association for a number of years. It is not a large organization numbering less than 400 members at the present time, but it has been a delight to work with these people, some of whom are professors in forest management in various universities. Others, with a little money, and a philosophical interest in this subject, have bought farms. They have planted trees and are doing conservation work. At the same time they are using the farms as summer homes.

Some are actually tree farmers, and doing general farming at the same time. I want to bring to the attention of hon. members that we presented a brief to the special committee of the Senate on land use in Canada which dealt with the whole question of the taxation of private forest lands. We dealt with the question of forestry improvement, management and production, the grading and scaling standard for wood cut on private lands, and so on. If anyone is really interested in this question I suggest he would be well advised to read that brief, because it was composed as a result of co-operation between some scientists and technical people and persons who have a long personal experience in the operation of privately owned tree farms or wood lots.

Mr. Mongrain: Would the hon. gentleman allow a question? I have heard so often that the lot of the farmers is not a very interesting one. Would he please tell the house if forest farming is a paying proposition?

Mr. Herridge: Well now, the hon. member has put me in a spot. Let me explain that prior to being elected a member of parliament I lived for 50 years in complete independence and security on a tree farm slightly above the social welfare level, and enjoyed every moment of it. Does that answer his question? I must explain that if you live under these circumstances you do not require $10,000 or $12,000 a year to live comfortably, because in addition to what we get from our timber we smoke our own bacon, raise our own cattle and burn our own wood in our own furnaces. We also make our own cider and wines. In fact I might tell the hon. gentleman that I am the only member of parliament who lives in a log cabin, and I am proud of it.

An hon. Member: Hear, hear.

Mr. Herridge: I do want to thank the minister for his co-operation in connection with the interest that has been shown in the Kootenays with respect to the ARDA program. The two regional boards within Kootenay West are very interested in this matter, as are the cities, the towns and all the villages. I am grateful to the minister for informing me that people in these areas should write to Dr. L. E. Pratt, director of rural development—western region—rural development branch, Department of Forestry and Rural Development, Box 981, Winnipeg 1, Manitoba. Also he gave them the names of the provincial officials.

They have had two meetings since then and they are getting the federal and provincial officials to come in and discuss with them a planned development on a regional basis of certain projects within our district. I must say they seem very enthusiastic about it and we are looking forward to the time when the construction of the Columbia dams will be completed and a program of this sort will be required to supplement the smaller farms and the forest industry which will continue from that time on, as well as the tourist and recreation development.

I also want to thank the minister for sending out copies of his speech. I see the latest one was on the need for federal-provincial co-operation in regional development. I am sending a photostat copy of the speech to the various villages and towns. As I have said many times, I meet many people who are not happy. Happiness does not depend on money entirely. One has to have enough to live decently, educate one's children and ensure some security in one's old age, but real happiness is found in working in association with other people with a purpose that has a communal inspiration, on programs of this type and on other programs.

In concluding my few remarks I should like to say that I wish the minister every

success in all he undertakes to develop this rural development program in Canada, and to secure the participation of the provincial and municipal governments, the organizations and the persons willing to work in this sort of program and do something for Canada at the same time.

• (4:30 p.m.)

[*Translation*]

Mr. Latulippe: Mr. Chairman, I welcome the opportunity at this stage, to make a few remarks about the department responsible for ARDA. We are very happy that this legislation was passed, but less satisfied with its results, because in Quebec, and specially in my area, those results are anything but outstanding. When ARDA was introduced, it was mainly for the development of farming, the rural areas and the marginal areas. The benefits of ARDA were expected to help many areas and several sectors of our economy. Now, it is realized that the sectors where ARDA was expected to operate are more and more limited. And the higher the expectations of the people through ARDA, the more bitter their disappointment.

My constituency, one of the largest in Canada, which comprises about 100 communities, lies within a designated area, but up to now, since ARDA has been set up, I do not think we have received a single penny from this agency.

Committees have been formed in several communities, where farmers, workers and boards of trade have studied ARDA programs. With ARDA assistance, it had been planned to develop various types of agricultural, touristic and industrial facilities in those underdeveloped areas, but we have come to realize we are powerless to do anything.

One can realize that the whole administration lies with the province of Quebec and that the federal minister has nothing to say on those questions. However, since we pay taxes, I feel that we should have our say in the matter.

Such is the situation in the province of Quebec now, that the federal minister cannot even have his say or express his opinion; in fact, he can no longer suggest some projects or some developments he would wish achieved. As he cannot make such suggestions, perhaps we had better withdraw from that joint program.

If the province of Quebec wants to go it alone, well let her foot the bill. The federal government is prepared to pay its share, that is 50 per cent, but the minister is just allowed to pay, to sign cheques and to hold his tongue.

One can well realize that nothing can be done, in any respect, in the province of Quebec, regarding all the necessary developments. Roads should be built around lakes to make them more accessible to tourists and improve fishing, hunting and camping conditions there, but nothing can be done because the province of Quebec has decided not to contribute. It will contribute only for provincial parks, in other words, for what is exclusively its own.

There are no provincial parks in my district nor are there any elsewhere in the province. Yet, millions of dollars are spent on provincial parks. And those who can benefit from the ARDA developments in certain parks will be found only amongst the people who can afford to live it up, so to speak, in short amongst the people who can pay $100.00 a day or even more for the pleasure of catching trout in those lakes or rivers, while members of the common herd cannot afford to do so. And so, the parks in the province of Quebec are used only by a few rich or extravagant individuals who can afford to visit them and benefit from what has been done with the taxpayers' money, with the money paid by the little fellow.

I think that ARDA should be extended a little in every constituency. All the money should not be spent in one spot without doing anything elsewhere. It should be spread and the minister should have a word to say about it.

In the province of Quebec, ARDA has not accomplished much, I assure you. Millions of dollars have been spent and I think that the budget this year amounts to 61 million dollars. Millions of dollars have been spent and there is nothing to show. Where does the money go? A good part of it is certainly spent for administration but the remaining is not useful and develops nothing among the people. The people who pay taxes are entitled to their share and to live as anyone else. There are several beautiful spots in the area where I live which could be developed with contributions from ARDA.

If the principle of ARDA legislation had been what it should have been when it was passed, we could get certain benefits. But there is no benefit for several constituencies in the province of Quebec, in fact, very few ridings have benefited from ARDA up to now and the future will tell what it is all about. I

believe that ARDA should render enormous services, that it should bring about enormous developments through the millions of dollars that are expended. To my mind, we should at least see some achievements, some developments somewhere, but we do not see much. Those funds should be used for the development of tourist centers, for instance ski slopes or other similar developments. I think that ARDA has contributed in different areas but not in mine. Several areas of our economy need assistance and should have their share.

• (4:40 p.m.)

My constituency is as much agricultural as any other in the province of Quebec, and I think that not one cent has been provided for land drainage or any similar undertaking. Yet, we have made several requests, we have put considerable pressure on the Quebec government. As a federal M.P., I was subjected to considerable pressure in this matter and the only answer I could give was: We are not managing those programs, ask the Quebec government and if it agrees, then I think the federal government will pay its share. That was the only answer I could give.

I do not blame only the minister in this connection, but I feel he should convince Quebec authorities to extend ARDA activities to larger sectors of the economy. If the federal government pays its share, it can surely have its say, but if the citizens have no say in the matter, it is then better to withdraw. If the province of Quebec is unable to do more than it has done in the past, I think it might as well withdraw. I feel that it should be left to the people to administer and develop their own projects and that better results would be obtained than with ARDA as administered at present.

I would have much more to say, but I do not want to bother the minister further. I realize that he cannot do everything, but I ask him once again not to yield to provincial governments, and to convince them to accept the suggestions made by Ottawa. There should be at least some practical results in the province of Quebec. I think that directives given for developments now carried out under ARDA should not only benefit the wealthy to enable them, for example, to complete studies or spend holidays in planned parks.

If taxes must be levied and if taxpayers must be fleeced just to satisfy the appetite of a few individuals, I for one think that we should withdraw from those programs.

[Mr. Latulippe.]

I know that ARDA is destined to play a great part in the economy but it is limited at the present time. I do not know why. Is the province of Quebec short of money? Is it unable to pay its share of 50 per cent? Is that the reason why all plans peter out? If the province of Quebec is short of money, let it say so. When we meet ARDA authorities, they tell us that they are not short of money, that they have enough funds to spend. If there is money to spend, it should be spent in the proper areas to the benefit of the population and the citizens, and that will contribute to the economic development of each area in need, of each underdeveloped area of the province which pays its share of taxes like all the other areas.

Once again, I ask the minister to make the necessary representations to the provincial authorities to extend the scope of ARDA in the best interests of the nation, the taxpayers and the economic development of our areas, particularly those which are underdeveloped.

[*English*]

Mr. Johnston: Mr. Chairman, I wish to speak briefly in the debate on the forestry department estimates. Another speaker earlier this afternoon spoke of the good work the department had done in some valleys of British Columbia. Representing the Okanagan valley, I can testify to the truth of his words. Our area appreciates the efforts that are being made under the auspices of ARDA. Those efforts principally have to do with rebuilding irrigation systems that were built many years ago when the valley was first developed and when costs of labour and material were lower than at the present day. Because of the changed cost picture the reconstruction project needs government assistance. That reconstruction is progressing well. Its effects are markedly felt in the valley and are appreciated.

One expects the work of this department to bear fruit, literally, and to be practical in the agricultural area. In British Columbia it took a long time to get any of the department's projects going since projects were inaugurated after long studies had been made.

Because of the preliminary work the department had undertaken one could prophesy some time ago that its work would be useful and significant. The farmers need the kind of assistance that has brought into being these irrigation projects. They do not need the sort of announcement which the Department of Agriculture made in the spring, when it announced a national dairy

policy. The Department of Agriculture in some areas works closely with this department. The announcement of the dairy policy originally had a most shattering effect, particularly on the farmers in the north Okanagan area. Though policy may be changed, it takes the farmers a long time to recover from the effects of such an announcement, which can easily alter or undermine a farmer's credit base. Though the department might rectify the error of its policy, the effects of that policy cannot be rectified so quickly. The effects may last for a long time and the loss of morale in the farm population can be serious. As ARDA projects currently under way are completed I hope that other projects will be developed, in order to paint a brighter economic picture for the province.

I was interested in the remarks of the hon. member for Qu'Appelle. He spoke of the need to shift the emphasis in agriculture; that the concept of the smaller, extremely efficient farm operation ought to replace the present rush to the constantly expanding farm operation. This sentiment is exactly reflected in the bulletin that was given to me during the week end. It is from the Deep Creek Farmers Institute, which is close to home so far as I am concerned. The bulletin which I shall now read, does not quarrel with the policies of some years ago:

> —while the farm was a self-supporting and sustaining unit, but with the advent of one crop farms, machinery, and the multitude of services necessary, fertilizers for farms without livestock, the loss of home abilities and the refusal of labour to give "a day's work for a day's pay", even when such labour deigns to come on to a farm, more and more farm wives and families are working machinery to harvest crops ... The solution is not bigger farms and more expensive and larger equipment. It is smaller units that one man can handle with a large enough return on produce to ensure a good living.

If farm machinery becomes much larger the rural roads in the mountainous areas of British Columbia will need to be widened. Increasingly the farm is becoming a larger operation. The important consideration for a farmer, as the bulletin says, is for him to organize himself in such a way that he can obtain a fair return from his produce. The government can help the farmer in this area of need, and through the ARDA program the government is providing the kind of assistance that it can best provide.

We await with interest some of the future developments within this department. Those will not be as popular as the rebuilding of our irrigation system, yet they will be necessary. Presently, rural development work is done in parts of Canada that are far from British Columbia.

• (4:50 p.m.)

I think it should be brought to the minister's attention that there are areas of British Columbia where the population is engaged in marginal operations and where there is a great need for assistance of the kind which is being designed and prepared in other parts of the country. I trust that when these plans and policies have been brought to fruition and when the department has learned a great deal about rural development, some of this knowledge will eventually be used for the benefit of the western provinces.

Mr. Flemming: My comments in connection with the estimates of the department of forestry will not be extensive; rather, I see that the time is getting close to five o'clock. I should like to thank the minister for his kindly reference to his predecessors. He was good enough to refer to us all in complimentary terms, so I must congratulate him on his good judgment and thank him for his kind remarks.

I agree that in the committee we dealt with the forestry estimates in some detail; generally speaking, I think we covered the subject fairly well. However, there are one or two matters which I should like to bring to the minister's attention—points which were difficult to bring out during the committee hearings, and which perhaps were scarcely suitable for discussion with the officials. Incidentally, I would feel myself derelict in my duties toward the department itself and the basis upon which it was established if I did not refer to the excellence of the personnel. I speak with personal knowledge of the staff, and I am sure there is no more dedicated group of public servants than is contained in the department of forestry.

My hon. friend from Qu'Appelle devoted most of his remarks to the subject of the ARDA program and to rural development. He is, I am sure, recognized as an authority in this field. I can agree with everything he has said, having some knowledge of the fact that an agreement has been made with the provinces of New Brunswick and Manitoba in connection with the ARDA program.

As far as the New Brunswick program is concerned, I think the minister will agree it is correct to say it is only in the first stages of its operation and that it will require very close attention. I have no doubt that it will receive close attention and I am equally sure

that the program as outlined for that province will prove of great benefit, particularly in the rural communities.

The minister referred in his introductory remarks to the policy of the department and it is in this connection I wish to make a few concrete observations. In the estimates for the coming year ending March, 1968, I noticed that the special contributions in connection with items which were specifically indicated as being subject to performance by the federal department and the provinces in co-operation, have been eliminated. I refer particularly to the items of forest inventories, reforestation, forest fire protection, forest access road construction and stand improvements. I realize that the arrangement made with the provinces is of such a nature that the work will possibly go forward in any case—indeed, I should say "undoubtedly" because this is part of the deal with the provinces. However, since the items are no longer pinpointed, no longer so specifically a part of the arrangement, there is a danger that they may lose their place as far as priority is concerned.

It is the importance of this priority that I should like to draw to the minister's attention in order that, to the extent he is able, he might see to it that the provinces carry out the original undertakings which are included under the headings to which I have referred. I see no reason why a province should be able to say: We have received so many millions from the federal government, but we do not place these five items in a top priority classification because we feel there are other items which should be dealt with earlier.

The minister should not listen to such nonsense. He should reply that the $8 million or $10 million, whatever it was, had been earmarked for these specific purposes, and though provision was not made for them specifically when the change in the federal-provincial financial set-up was carried out, nevertheless provision for these things was made by inference, and it was understood that these important programs would be continued. I bring this to the minister's attention hoping that to the extent he is able he will see that the provinces give these items the priority they deserve.

I am sure everyone within the sound of my voice this afternoon will agree with me that there is nothing more important than the prevention of forest fires. I have had some experience in the so-called fighting of forest fires and I tell you, Mr. Chairman, that there is no such thing as fighting a forest fire. One can circumscribe it—prevent it from spreading to a certain extent; but one cannot fight it.

I see you are looking at me, Mr. Chairman, as though it might be five o'clock. If you wish to interrupt, I suppose I have no choice.

The Assistant Deputy Chairman: It being five o'clock it is my duty to rise, report progress and request leave to sit again at the next sitting of the house.

• (5:00 p.m.)

[*Translation*]

Mr. Sauvé: Mr. Chairman, has the time now come to ask the unanimous consent of the house to continue the debate on supply until six o'clock, in the hope of completing it before adjournment? I understand the hon. member for Chapleau (Mr. Laprise) would probably agree to it.

The Assistant Deputy Chairman: According to standing orders, the hon. minister must make that request when the Speaker is in the chair.

[*English*]

Progress reported.

[*Translation*]

Mr. Sauvé: Would the house give unanimous consent to continue the work in committee until six o'clock, in the hope that the study of estimates of my department might be completed? I think the hon. member for Chapleau, whose notice of motion was to have been discussed during the private member's hour, would be agreeable if the other members agreed also.

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I accept the suggestion of the hon. Minister of Forestry and Rural Development.

[*English*]

Mr. Deputy Speaker: Is it agreed that the private members hour be suspended for this sitting and that the house revert to committee of supply to deal with the estimates of the department of forestry?

Some hon. Members: Agreed.

SUPPLY

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

DEPARTMENT OF FORESTRY AND RURAL DEVELOPMENT

A—Department—

1. Departmental administration, $1,714,500.

The Assistant Deputy Chairman: Vote No. 1 will be found at page 182 of the blue book. The details thereof are listed on page 184. Shall this item carry?

Mr. Flemming: Mr. Chairman, to continue the remarks which I had begun previous to interruption of committee of supply, may I repeat that I was calling the minister's attention to five items which are to be found on page 191 of the blue book detailing the estimates for the current year. These five items total something in the order of $8 million, covering forestry inventories, reforestation, forest fire protection, forest access road construction and stand improvement. I made reference to the importance of preventive measures to combat forest fire outbreaks. All of us read with great dismay about the tremendous fires which took place last summer in the interior of British Columbia, and thus cannot help being impressed by the importance of continuing preventive measures through co-operation between the federal government and the provincial governments. I have no doubt these measures will continue in operation, but I draw the minister's attention to them because I have confidence that he can emphasize their beneficial effects.

With respect to forest inventories, quite often we are requested to give some idea of the amount of timber standing in certain areas in certain provinces. The federal government participates with the provinces in making such inventories. This is a most essential operation, especially when we consider that the forest industry in general makes the greatest contribution towards equalizing our balance of payments through its exports, and when we consider the contribution which the industry in general makes to employment in Canada. Therefore nothing could be more important than to have up to date information on forest inventory for the benefit both of governments and of the industry itself.

I will not go into the question of reforestation because everyone knows how important it is. In my opinion forest access road construction is something which will help bring about more productivity. Day by day speakers in this chamber emphasize the importance of greater productivity, and quite properly so. Increased productivity is essential to our country, and forest access road construction can open up new timber areas which are at present undeveloped because of economic reasons. Funds for forest access road construction will relieve the burden carried by timber companies, and will open up hitherto inaccessible regions.

Stand improvement is also most important. We all know how beneficial a program of maximum growth can be. I know the officials of the department are experts on this, and that they are very conscious of its importance. This is another area which requires a great deal of co-operation between land owners, and in most cases in our country these are the provincial governments and the federal government. Efforts should be made to maintain a good standard of growth year after year on land which, if it is neglected, will not produce anything like the potential of which it is capable.

When we compare the results we have achieved in this respect in Canada with similar results in other countries, particularly the Scandinavian countries, the comparison is not very favourable to us. Therefore I feel the importance of stand improvement is something which should be emphasized to the minister, and subsequently by him to the provincial governments, and of course to anyone who has an interest, both economic and national, in maximum productivity.

I have nothing more to say at the moment, Mr. Chairman. I believe the estimates have been dealt with pretty well in committee. I appreciate the opportunity to make these few remarks and I will not trespass on the indulgence of the committee any longer in connection with this particular item.

• (5:10 p.m.)

Mr. Schreyer: Mr. Chairman, at the very beginning I should like to say that during his occupancy of the portfolio he now holds the minister has given the impression that he is enthusiastic in respect of the function, responsibilities and further prospects with regard to his department, particularly as it relates to the ARDA program. Like many other members in this house I was very enthusiastic when the ARDA program was first discussed and when the legislation was passed. I believe most people who had read about this program had high hopes in respect of ARDA when it was first placed on the statute books. However, during the past few years I believe we have had quite a number of reasons for feeling somewhat disappointed about the program because, at least in some

parts of the country, it does not seem to be translating into actual projects or works which will have the effect of improving the productivity of our agricultural industry.

I must confess, however, that in the past when I spoke so critically of ARDA I was wrong, because I find that in one's analysis of that program he must bear in mind a very simple fact, and that is that in some parts of the country, in certain provinces, it is working out quite well. The studies, surveys and investigations which had been carried out in past years now, in some provinces, are being translated into actual works and projects of one kind or another. In other provinces this is not the case. These seem to be the plain facts of the matter. From my reading and research I find that in provinces like British Columbia, Saskatchewan, Ontario and Quebec significant and important works directly related to agricultural production and income are under way; some have already been completed. Because I do not think one should try to be too diplomatic, I shall mention the provinces in which such works are not under way. In Alberta and Manitoba—for whatever reason, and perhaps the minister can help shed some light on this—the federal expenditures or contributions to the ARDA program still seem to be bogged down. They seem to be occupied with an endless round of surveys and studies and the works are not being put into effect.

One can sense this by taking a quick look at the ARDA catalogue for the most recent year for which this is available. For each of the provinces in which ARDA is in effect there is a summary of the amount being spent by way of federal contribution, the amount that is left to the provinces to take up, the nature of the projects that are being undertaken, the number of projects, and so on. One finds that in certain of the provinces there is a very poor performance, to date. There may be some very good and legitimate reason for this being so. Surely after the passage of six years now, since the enactment of this legislation, it is not unreasonable to suggest that there should be a greater degree of activity in so far as actual works in the field are concerned. By actual works in the field I do not mean a continuation of the surveys, feasibility studies and other studies of one kind or another.

I realize that those who are charged with the responsibility to administer this program and to try to translate it into effective action are often faced with the problem of not having sufficient data and information. Therefore it becomes necessary for them to carry out fairly extensive studies and surveys. However, in many instances, with which I am personally familiar, there were direct possibilities for action, such as in respect of the marshalling of land for the establishment of community pastures and the undertaking of a drainage and land reclamation project in order to give marginal farm operators an opportunity to have community pasture land available near at hand so that they could get more beef cattle into production. This is particularly true in light of the fact that the farmers have been advised and encouraged by the agricultural extension people to take every opportunity to get into the business of the production of beef.

When these people become involved in local ARDA committees, as they are exhorted to do, they hold local meetings at which they suggest to the appropriate ARDA officials concrete proposals having to do with drainage work, community pasture establishment or community pasture extension. In all too many cases these proposals are fobbed off. The farmers are told either that there is insufficient data on which to determine the feasibility of proceeding in this direction, or that it sounds quite good but that there is of course the matter of non-availability of funds. Time passes and in the meantime the income position of these people does not improve; it actually deteriorates further. Where once they had hoped that ARDA would be at least one source of assistance, in the matter of self help and so on, they find there must still be a considerable passage of time before anything tangible or concrete takes place.

I feel it must be said that the impression is growing—in many cases perhaps not justified but in others justified—that ARDA is getting itself bogged down in a proliferation of studies and projects not related to actual works in the field. I do not know how I can emphasize this any more, but it must be re-emphasized. It has been said that the ARDA legislation was brilliantly conceived and in some provinces is relatively well implemented. In other provinces, however, it does not seem to have been implemented at all. Since the minister has the responsibility for this program he must inform himself as to the reason this discrepancy exists in the implementation of this program as between one province and another. There is a growing feeling that we have a bureaucracy which is proliferating, and which is an example of Parkinson's law at work. I would be very

unhappy to see ARDA held up as an example of this phenomenon at work.

• (5:20 p.m.)

There are program directors and special project directors and, according to the departmental news releases, it has been found necessary to hire program co-ordinators, fund co-ordinators and special program co-ordinators, some of whom no doubt do important work. Is the minister satisfied that he is on top of the situation, and is he satisfied that ARDA is not becoming too profuse and that the administrative arrangements or appointments are not becoming excessive, in relation to the amount of work that is actually being done in the field? I agree that there is not too much one can quarrel with about the concept of ARDA, but I think these questions should be answered.

I have a farm information news letter dated July of this year which is devoted entirely to an explanation of what is being done under ARDA in terms of land use, adjustment and farm enlargement programs. It states clearly that one of the functions of ARDA is to assist farming operations to increase the amount of land per farm. Presumably what is meant is that by making grants available and by providing technical assistance in respect of land use it will be possible for farm operators to increase the amount of arable land. This may be done by leasing property now in right of the federal government or the provinces. No doubt this is being done in many provinces. In my province, while there has been some improvement in the interlake area, in almost every other part of the province where there is available crown land which could be put to use for agricultural production, particularly in the southern part, it is almost impossible to get any action or any commitment as to a timetable for study of land use possibilities, drainage programs or control efforts. These must be carried out before these lands can be leased as community pastures or on any other basis, to increase agricultural production.

Yesterday I listened very closely to the speech of the hon. member for St. John's West. He attempted to repudiate the statements of the hon. member for Brandon-Souris, whose remarks related to whether this government was doing anything concrete or tangible in the way of resources development. The hon. member for St. John's West referred to ARDA and FRED. I should like to quote one or two sentences of what was said by that Liberal member as recorded at page 3446 of *Hansard* for October 24. Referring to the hon. member for Brandon-Souris and what he said about ARDA, he is reported as saying:

> The hon. gentleman has asked for an example. He has only to go to his own province of Manitoba to get an example of the working of this program, and I refer of course to the recently signed agreement.

He was referring to the recently signed special interlake area ARDA agreement. The terms of that agreement and the planning that took place before its signing are something no one can quarrel about, but after the passage of five years under the general ARDA program and more than two years under the special interlake area program there is still no evidence of the fact that the government has grappled with the problem of low farm income. That is what this program originally intended. There is no evidence of any kind in relation to work in this field, or in the field of improved land productivity. In the interlake area under the terms of the special agreement a great deal of money will be spent on educational facilities—the construction of schools and technical institutes. I do not quarrel with these expenditures but I do wonder whether the whole concept behind ARDA is being changed. If it is being changed we should be informed about the change. I was always under the impression that this program was intended to improve agricultural productivity in relation to the re-allocation of farm land use from grain to beef production or vice-versa. We seem to be digressing, perhaps logically so, but if we are we should be told what this administration thinks in respect of the work of ARDA.

It is my hope that the minister will have an opportunity this afternoon to reply to some of the points put forward. I still maintain that the main problem in our agricultural interests relates to the cost-price relationship. If ARDA is to be successful, and in some provinces there is no evidence that it is, it will be successful only in a peripheral fashion in relation to low farm income and rural poverty. It may be that some good will be accomplished by decentralization of industry. New industry located in rural areas will allow marginal farm operations to make the transition from farming to industry. However, like the hon. member for Qu'Appelle and others who have spoken, I do not like this trend stimulated by any artificial action on the part of the government. We already have a dramatic proliferation of urban problems

and urban transportation difficulties. We already have tremendous problems in respect of pollution control. If it were possible for the government to combine its ARDA program with a more realistic agricultural price policy this would be advantageous to the rural residents of our country.

• (5:30 p.m.)

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Chairman, I would also like to take a few minutes to have a voice from Quebec heard on this side of the house and to say a few words about the estimates of the Department of Forestry and Rural Development.

Before dealing with the matter at hand, I would like to endorse the tribute paid by the Minister of Forestry and Rural Development (Mr. Sauvé) to the deputy minister, Mr. Rousseau, who has just retired. I have had, for some time, the opportunity of working with him and I greatly appreciated his knowledge, his dedication and the work he accomplished within the department. I therefore join the minister in expressing my best wishes to him on the occasion of his retirement.

I want to thank the minister also for welcoming the farmers from Charlevoix who came to Ottawa last year to submit their grievance about the feed grain freight cost problem. The minister will recall that a discriminatory situation existed as far as the farmers of my constituency were concerned; they came to Ottawa to see him and he solved their problem in no time at all. I must tell the minister the farmers of my region are highly satisfied with his work, and I am sure that if he ever came to my constituency, he would get a tremendous welcome from them.

Mr. Chairman, this afternoon the minister defined for us the objectives of his Department of Forestry and Rural Development. Of course, the field of action of this department is rather restricted. As we all know, the main objective is research. He told us that his department had developed this field to the highest degree and that since its establishment, research work has become so highly valued that the provinces, as well as forestry organizations, consult our research experts to learn about developments in the field of forestry.

Of course, with the additional responsibility for rural development, the chief objective of the department of forestry agencies now is to administer the ARDA act.

[Mr. Schreyer.]

As you may recall, Mr. Chairman, when the hon. member for Qu'Appelle (Mr. Hamilton), the minister of agriculture at that time, introduced this act in the house and piloted it through to its enactment in 1961, we all heard a sigh of relief from our rural communities. At last, it was said, the government has made a legislative effort to raise the depressed status of our rural class, which, as we know, often lived in disquieting grey areas.

On January 27, 1966 to be exact, when addressing the Canadian Forestry Association in Toronto, the minister defined how he understood ARDA and stated:

> ARDA is based on the following concept: the fact that hundreds of thousands of rural people live in social and financial hardship is a discredit to our ability to bring about changes. The great objective of ARDA is to increase rural employment and income opportunities of the rural people, but not by resorting to unnecessary work programs, welfare assistance or subsidies.

The main objective of ARDA, as stated by the minister—I entirely agree with his definition of the aims and objectives of ARDA—is to create employment by bringing forward planned programs.

Of course, even if the minister persuades the federal government to vote $300 million for programs which first are to be censored by the provinces, the powers of the minister are nevertheless severely restricted by the constitution since all he can do is sign agreements with the provinces and provide subsidies to the provinces for the implementation of programs under ARDA. The federal Minister of Forestry and Rural Development often finds himself in a false position. Naturally, one can argue that, under the constitution, the federal government has jurisdiction only over research in matters relating to forestry, but I think that this is such an important question that the provinces and the federal government will have to get together in order to define what comes under the federal and provincial jurisdiction in this field. I would be agreeable to the federal department of forestry having joint jurisdiction and responsibilities, just as agriculture shares its jurisdiction with the provinces. What is the point of the federal government making available to our provinces huge amounts for rural development if the provinces cannot afford to contribute to these programs? This is what happens most of the time. And this is why there are complaints that the provinces seem, from time to time, to indicate that they do not want to co-operate fully with the federal government

in spending these amounts we make available to them.

As far as our constitution is concerned, when we say that it must be renewed, changed and amended so as to deal with the respective jurisdictions of the provinces and of the federal government, it clearly shows, I think, that a thorough study of the constitution is necessary in order to introduce the amendments which are required in a great many areas.

The minister told us earlier that the Canadian Advisory Council he had set up was at work and was doing a tremendous job. This is an important and necessary body which will help considerably the minister to reach his own objectives and those of his department.

But there again, Mr. Speaker, what would be the use of the Canadian Advisory Board giving advice and making suggestions to the minister if he lacks the constitutional power to implement them? Therefore, I repeat that the minister often finds himself in false situations and I say that the delay in implementing the programs under ARDA is precisely the result of the constitutional conflict between the provinces and the federal government. I say, therefore, that the time has come, in my opinion, to think of giving in that area joint jurisdiction to the provinces and the federal government to try to pursue the objectives of ARDA more fully and more efficiently.

As far as the ARDA legislation is concerned—I think that the minister mentioned it earlier and I also stress that point—I feel that we should set up priorities. In Quebec, a lot has been done. There is talk about the Lower St. Lawrence Development Board, but for the last three years our people in the lower St. Lawrence region have been studying the situation, experts have been trying to promote social action, social education, and bring together the possibilities of our natural and industrial resources in order to work out an over-all plan. That was called a pilot project.

• (5:40 p.m.)

This pilot project has obviously entailed considerable investments and expenditure. I think that it may serve also in other areas, not only in Quebec, but elsewhere in Canada. If this legislation is to be implemented and taxpayers enabled to see its results, priorities will have to be taken into account, and every county has its priorities.

We are now told in some countries: Set up an economic council which will make representations to provincial authorities—in the province of Quebec, it is the only body entitled to make recommendations on rural development, on area development—and then, we will undertake studies.

Therefore, it may take three years to perform the studies and we will not have any practical plan, under the ARDA legislation, to implement in the interests of all taxpayers.

I still believe, Mr. Chairman, that the inhabitants or taxpayers of a specific area are still much better aware of their own needs and that their advice should be sought in order to establish priorities in depressed and under-developed areas which would especially benefit from ARDA.

Here is an instance. During the past 4 or 5 years, we have been working to obtain a marina in Pointe-au-Pic. We have an excellent location to build it and, during the summer, we see hundreds of sailing boats which cannot make fast, because the necessary facilities are not available

For a long time now, we have asked ARDA officials to build us a marina, and their only reply has been: Put up 50 per cent, and we will put up the rest. Now, I think that if we proceed in this way, we will get practical and necessary results in those areas where the need is greatest.

I shall close my remarks immediately, for I know that the minister would like to see his estimates passed before six o'clock. Nevertheless, he should avail himself of the survey made of this pilot area by the Lower St. Lawrence Development Board and ask the provinces to speed up their activities, in brief, to show leadership for the implementation of immediate priorities.

If more studies and expert advice are always required, it will take three or four years before the minister, with the co-operation of the provinces, can manage to establish projects that are absolutely essential to the economic survival of our rural areas.

Mr. Chairman, that is all I had to say at this stage. I say to the minister that he can rely on our co-operation, because we know that ARDA is an essentially social legislation. We shall co-operate with the authorities in order to make it easier to administer as soon as possible. In addition, the minister can be assured of the co-operation of members on this side of the house when he introduces projects for the benefit of our people.

Supply—Forestry and Rural Development

[*English*]

Mr. Martin (Timmins): Mr. Chairman, the hour is late and the ministers are leaving. However, there is one matter which I would like to bring to the minister's attention, having to do with the ARDA program. This has application in my particular region but similar circumstances could prevail in other places across the country. I am sorry that I do not have the full particulars on this, but it has recently come to my attention—I have not had time to gather the information, but the problem is that if I wait until I gather information the minister's estimates will be passed and I will have no chance to raise these matters—that in the Matheson-Val Gagne area, which is known as "the little clay belt of the north" a program has been established under the ARDA program for the assembling of land for cattle ranches. The Timmins riding is known mostly for its mines but I want to point out that it also has fertile agricultural lands. The local farmers are incensed at this program, and I think for very good reasons. We must realize that these men have spent their lives in clearing this land and bringing it into production. They have always been faced with the double problem of a small population involving a small market locally, combined with the high cost of transportation.

Another problem which has faced the farmers in that area is the fact that they have been frozen out of local facilities. In fact the last dairy in the region is now on its last legs, and trying desperately to keep the operation running. At the same time these farmers, in common with most small farmers in the country, have been faced with the problems of trying to modernize their operation in spite of the high costs involved. The result has been a desperate shortage of capital. They have had to struggle along on their own. They realize that with the present trend, where valuable farm land in southern Ontario is being overrun by factories, it will not be too long before their land will become much more valuable than it has been in the past.

The program which I mention involves the joining of the two governments to supply capital to some outsider to squeeze them out at fire sale prices. They feel very bitter about it, holding the view, and possibly justifiably so, that if this capital were made available to them they would be able to do the job themselves. Unfortunately they cannot get the capital to operate, modernize and enlarge their operation to make it an economic unit. As one farmer told me, the government is prepared to supply the capital to some joker from the south to buy the farmer out, but they will not give the farmer the opportunity to do the job himself. I do not know how widespread this is.

As I mentioned earlier, I do not have the details of this particular program, but if we wait until we get them we will not have an opportunity to raise this matter under the minister's estimates. I think this is something which should be looked into in considering the success of the program, because surely the minister and his officials must realize that if anybody can cope with the weather conditions during the long winters and with other conditions, it will be the man who has spent his life on a farm in the north. Someone who may be an excellent farmer in the south may come up there and, not being used to the conditions, can come quite a cropper.

I am raising this point in the last few minutes available so as to bring it to the minister's attention, with the hope that this particular situation can receive more study than it has in the past.

• (5:50 p.m.)

[*Translation*]

Mr. Mongrain: Mr. Chairman, to share in the spirit of co-operation which has prevailed from the start in the debate on this bill, I shall speak only two minutes and cut down my remarks to concentrate on one specific suggestion I should like to address to the hon. Minister of Forestry and Rural Development (Mr. Sauvé) in the hope that he might eventually graft that idea on the legislation which governs the ARDA program.

This is what I should like to suggest to the minister, which he might look into in conjunction with the provinces. Two or three months every summer, countless students are free, in need of work; they flood the labour market with the result that several of them cannot find work, cannot earn the money they need to help defray the cost of their studies, especially at high school level. Might it not be possible to implement a project, for instance, for massive reforestation, or something similar to give work to these young students who can work?

I feel the minister would be killing two birds with one stone: reforestation or similar work would be taken care of; in addition, students would be kept busy who otherwise would stay idle during the summer months; it would help others to earn money to defray part of the cost of their studies, thereby

[Mr. Asselin.]

lightening the load on other budgets such as that for scholarships or student loans. I repeat that two or three birds would be killed with one stone and I make my suggestion to the hon. minister for what it is worth, knowing that he will want to study it. If he eventually finds a way of incorporating it under the ARDA legislation, everybody will be very happy about it.

[*English*]

Item agreed to.

The following items were agreed to:

3. Construction of extension to research laboratory in Pointe Claire, Quebec, for use by the pulp and paper research institute of Canada, $253,000.

Forestry—

15. Administration, operation and maintenance, including grants as detailed in the estimates, $16,943,500.

20. Construction or acquisition of buildings, works, land and equipment, $3,952,000.

23. Contributions to the provinces in the amounts and subject to the terms specified in the details of estimates, $1,750,000.

Rural development—

25. Agricultural and Rural Development Act program, Rural Economic Development Act program and Maritime Marshland Rehabilitation Act program—administration, operation and maintenance, $2,256,500.

30. Agricultural and Rural Development Act program and Maritime Marshland Rehabilitation Act program—construction or acquisition of buildings, works, land and equipment including authority to make recoverable advances in amounts not exceeding in the aggregate the amount of the share of the province of New Brunswick of the cost of the Petitcodiac river dam project, $1,608,700.

35. Payments in respect of projects and programs under the Agricultural and Rural Development Act, and payments to provinces pursuant to agreements entered into under that act, $22,000,000.

B—Canadian livestock feed board—

40. Administration and operation, $156,000.

45. Freight assistance on western feed grains including assistance in respect of grain storage costs in accordance with the terms and conditions prescribed by the Governor in Council, $22,000,000.

The Chairman: This completes the estimates of the department.

Mr. Herridge: Mr. Chairman, I know the minister would have liked to explain vote 23, but it was carried so quickly I did not have an opportunity to rise.

Mr. Sauvé: Mr. Chairman, I want to thank the members of the house for their co-operation. I would have liked to say a few words in reply to some questions, but I shall just answer the question asked by the hon. member for Kootenay West. The forestry agreements between the federal government and the provinces came to an end on March 31, 1967 because the federal government, at the tax structure conference, announced that the cost sharing programs would not be renewed in the future. This was one of those programs. Consequently, it was terminated and not renewed.

We have undertaken also to pay the full cost of any project in connection with forestry within our jurisdiction, and will not ask the provinces to pay 50 per cent of the cost. We feel that in that way both the provinces and the federal government can fulfil their obligations much better.

The Chairman: Does the committee want to proceed now with the estimates of the Department of Manpower and Immigration?

Mr. Knowles: I think it would be better to call it six o'clock, Mr. Chairman.

The Chairman: Shall I rise and report certain resolutions and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

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

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

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF FORESTRY AND RURAL DEVELOPMENT

1, 3, 15, 20, 23, 25, 30, 35, 40, 45.